

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1369352-0

Total Deleted Page(s) = 6

Page 40 ~ b6; b7C;
Page 41 ~ b6; b7C;
Page 42 ~ b6; b7C;
Page 43 ~ b6; b7C;
Page 44 ~ b6; b7C;
Page 45 ~ b6; b7C;

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x Airtel

3/20/84

TO: SAC, WFO

FROM: SAC, ALEXANDRIA (196-0)

JOHN P. WHEELER III
VIETNAM VETERANS MEMORIAL FUND (VVMF)
1100 VERMONT AVENUE, NORTHWEST
WASHINGTON, D.C.
POSSIBLE WIRE FRAUD

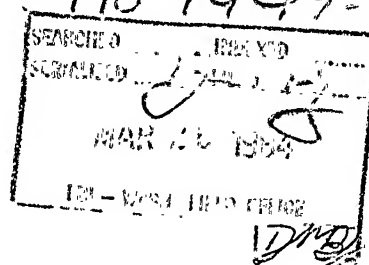
On March 2, 1984, [REDACTED], AMERICAN HERITAGE FOUNDATION, 214 Massachusetts Avenue, Northeast, Washington, D.C., telephone number (202) 546-4400, home telephone [REDACTED], met by prior arrangement with SA [REDACTED], Alexandria Division. [REDACTED] was given SA [REDACTED]'S name by [REDACTED], a retired [REDACTED] employee who is known to Alexandria as [REDACTED]. Also present at this meeting was [REDACTED], [REDACTED], telephone number [REDACTED]. Effective March 12, 1984, [REDACTED] will be employed by the [REDACTED] on New York Avenue, Washington, D.C., telephone number [REDACTED].

b6
b7C
b7D

[REDACTED] stated that he believed that a possible fraud scheme involving raising money for the VVMF, chartered in the District of Columbia, had been uncovered by [REDACTED], who had been doing investigative reporting. [REDACTED] then stated that he had done a considerable amount of investigation regarding the VVMF and that his investigation revealed that the VVMF had not accurately reported the money it had raised and had fraudulently spent or given money contrary to its charter. [REDACTED] further stated JOHN P. WHEELER III, currently the General Counsel to the SECURITY EXCHANGE COMMISSION, in Washington, D.C., was a founder of and integrally involved with the VVMF and this scheme.

b6
b7C

2-WFO
1-Alexandria
ABL:sfk
(3)



AX 196-0

[redacted] stated that his investigation revealed money had been raised from a number of states with Washington, D.C., being the focal point. [redacted] further stated that WHEELER had tried to scare him from the investigation by having him arrested [redacted]

[redacted]
These charges were later dropped.

[redacted] stated he would be glad to go over his notes in detail with an Agent of the FBI.

From this initial conversation it appears that since the subject organization and person are in the District of Columbia, WFO should assume Office of Origin in this matter.

۲

(Title)-

(File No.) 196-1449

[illegible]

①

CC-5

Field File No. 196 1449

OO and File No. WFO

Date Received _____

b6
b7c

From _____
(Name of Contributor)

(Address of Contributor)

(City and State)

By _____
(Name of Special Agent)

To Be Returned ☐ Yes
☐ No
☐ Yes
☐ No

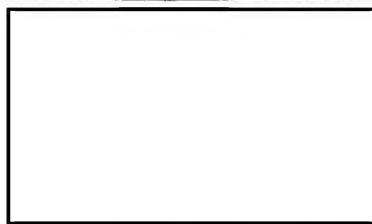
Receipt Given ☐ Yes
☐ No

Grand Jury Material - Disseminate
Only Pursuant to Rules 6(e),
Federal Rules of Criminal
Procedure

Description:

GAD

Interview
Date: 10-1-82
by: [signature]



(1)


Fund with Tech. ent.

Tru 79 man proj.

81 - legislative but ent could Tech into
rec'd request to rep 2 sent to clo full
audit. Also fund request.

b6
b7C

- Started late Dec.

have met  met and talked with
all in series only one talked to was
for marine who made general steps.

- all chuds + Bk H since by.
went through all expense to verify expenses,
all down to them
- all payments to employees given.
- contract selection process.
- looked at allocation of paperweight out of grants
it was contract fund had not paid

conclusion found nothing wrong
IRS 82 intbus wrong, prompted
by similar allegations.

looked at 30 to 50 allegations including and
personal use of funds. related partly payments
to various groups.

100 pg report showing way person got 500K
plus all payments to groups etc.
- have no negative findings, no violation of charter.

(2)

no payments to public officials or anything that would raise ?

found no payments not related to quarters

memorial 50%

National Salute + 10%

all ad legit fundraiser cost or adm cost.
many fundraisers not out of line.

X AIRTEL

3/28/84

TO: DIRECTOR, FBI
ATTN: FINANCIAL CRIMES UNIT

FROM: SAC, WASHINGTON FIELD (196B-1449) (P)

JOHN P. WHEELER, III
Vietnam Veterans Memorial Fund (VVMF)
1100 Vermont Avenue, N.W., Washington, D.C.
POSSIBLE FBW, CORRUPTION OF PUBLIC OFFICIAL
OO:WFO

Re Alexandria airtel to WFO dated 3/20/84.

Enclosed for Bureau is a copy of referenced airtel.

WFO, request Bureau instruction on correct classification of case ie FBW or Possible Corruption of a public official. WFO further request Bureau authority to conduct indepth interview of [redacted] in view of his position as an [redacted] [redacted] for the [redacted].

b6
b7C

2 - Bureau
① - Washington Field

dem
KCH:dem
(3)

3/28/84
ms

176-1449-2

| | |
|------------|------------------|
| Searched | _____ |
| Serialized | _____ <i>Pic</i> |
| Indexed | _____ |
| Filed | _____ <i>12</i> |

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 4/16/84

On April 12, 1984, [redacted], [redacted]
[redacted] telephone [redacted], was inter-
viewed by Special Agents (SAs) [redacted] and [redacted].
At the outset of the interview [redacted] was advised of the
interviewing agents identity and purpose. [redacted] advised
as follows:

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He is currently employed as an [redacted]
for the [redacted]. Prior to this he was employed
by the local CBS Television Affiliate Channel 9. During the course
of his employment as Investigative Reporter for Channel 9 he did
a story on the Vietnam Veterans Memorial Fund. He first thought
of doing a story on the Vietnam Veterans Memorial Fund when he
heard from a friend that the Fund had retained a prominent
criminal attorney, [redacted] to represent it.
During the course of his investigation [redacted] learned that
a wealthy individual [redacted], the President of [redacted]
[redacted], a [redacted] Corporation, who donated the
first couple hundred thousand dollars to the Vietnam Veterans
Memorial Fund, had sought to have a BIG EIGHT accounting firm
conduct an independent audit of the fund. After [redacted] requested
the independent audit, the Vietnam Veterans Memorial Fund retained
[redacted] for the purpose of keeping [redacted] out of
their books. At EDWARD BENNETT WILLIAMS' suggestion, the Vietnam
Veterans Memorial Fund appointed a special audit committee headed
by [redacted], the former [redacted] who has
since resigned due to a scandal [redacted]
[redacted]. [redacted]
[redacted]

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b7C

[redacted]. [redacted] alleges that [redacted] was
hand picked by JOHN P. WHEELER, III who was one of the original
incorporators of the Vietnam Veterans Memorial Fund. [redacted]
advised that WHEELER was at that time also the Chief Counsel
to the Head of the SECURITY AND EXCHANGE COMMISSION and therefore
he must have had information concerning the investigation of
[redacted] at the time he was appointed to head the Audit Committee
for the Vietnam Veterans Memorial Fund.

Investigation on 4/12/84 at Washington, D.C. File # Washington Field

196C-1449-3

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b7C

SA's

and

by

KGH:dem

Date dictated 4/12/84

Continuation of interview of [REDACTED]

, Page 2

Sometime after the first special audit committee was organized PEAT, MARWICK and MITCHELL, THE BIG EIGHT Accounting Firm was brought in to do a cost basis audit of the Vietnam Veterans Memorial Fund. The audit disclosed that between 9.2 and 12 million dollars had been raised by the Fund in 1980, 1981, and 1982. According to [REDACTED] only two to three million dollars was actually spent on the Vietnam Memorial Fund. It was his feeling that the rest of these funds were never adequately accounted for.

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[REDACTED] stated that the Corporate Charter of the Vietnam Veterans Memorial Fund specifically stated that it was to expire after the Memorial was constructed. He alleged that the fund is still soliciting donations in violation of it's D.C. Corporate Charter. [REDACTED] feels that JOHN P. WHEELER and others may be involved in fraudulent behavior as a result of the manner in which funds were spent. He further advised that somebody who might be able to provide information of value as to what happened to the rest of the money would be [REDACTED], the [REDACTED] at the Vietnam Veterans Memorial Fund.

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 4/17/84

003

FM WASHINGTON FIELD (196C-1449)

TO FBI, DALLAS (ROUTINE)

5:07pm

BT

U N C L A S

JOHN P. WHEELER, III, VIETNAM VETERANS MEMORIAL FUND (VVMF),
 1100 VERMONT AVENUE, N.W., WASHINGTON, D.C. POSSIBLE FRAUD
 BY WIRE, OO:WFO.

REFERENCE ALEXANDRIA AIRTEL TO WFO DATED 3/28/84 FOR
 INFORMATION OF DALLAS.

ON 4/12/84, [REDACTED] [REDACTED] FOR

[REDACTED], WASHINGTON, D.C. ADVISED WFO
 THAT SEVERAL MONTHS AGO WHILE WORKING AS INVESTIGATIVE REPORTER
 FOR CHANNEL 9 THE WASHINGTON, D.C. LOCAL CBS AFFILIATE, HE DID
 A STORY ON THE VIETNAM VETERANS MEMORIAL FUND. HE FIRST THOUGHT
 OF DOING A STORY ON THE VIETNAM VETERANS MEMORIAL FUND WHEN HE
 HEARD FROM A FRIEND THAT THE FUND HAD RETAINED A PROMINENT
 CRIMINAL ATTORNEY, EDWARD BENNETT WILLIAMS, TO REPRESENT IT.
 WILLIAMS WAS REPORTEDLY RETAINED AFTER [REDACTED], PRESIDENT

b6
b7C

① - WFO
 dem
 KGH:dem
 (1)

196-1449-4

Approved: 3/DMBTransmitted 5:07pm

(Number)

(Time)

Per 5/21b6
b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

PAGE TWO DE WF 0003 U N C L A S

OF [] HAD SOUGHT TO HAVE AN INDEPENDENT AUDIT OF THE FUND BY ONE OF THE BIG EIGHT ACCOUNTING FIRMS. [] REPORTEDLY REQUESTED THE AUDIT BECAUSE HE HAD DONATED THE FIRST SEVERAL HUNDRED THOUSAND DOLLARS TO THE FUND. [] ALLEGEDLY HEARD RUMORS OF MISAPPROPRIATIONS INVOLVING THE INDIVIDUALS RUNNING THE FUND. AFTER [] REQUESTED THE BIG EIGHT AUDIT IT IS ALLEGED THAT THE VIETNAM VETERANS MEMORIAL FUND RETAINED EDWARD BENNETT WILLIAMS FOR THE SPECIFIC PURPOSE OF KEEPING [] OUT OF THEIR BOOKS. [] ALLEGES THAT THE FUND COLLECTED NINE MILLION TO TWELVE MILLION DOLLARS AND ONLY CONTRIBUTED TWO TO THREE MILLION TO THE CONSTRUCTION OF THE VIETNAM VETERAN MEMORIAL. IT IS HIS ALLEGATION THAT THE REST OF THE FUNDS WERE MISAPPROPRIATED BY INDIVIDUALS IN A POSSIBLE CRIMINAL FASHION. LEAD. DALLAS. CONTACT [], PRESIDENT OF [] []. DETERMINE IF [] POSSESSES ANY INFORMATION OF CRIMINAL BEHAVIOR BY INDIVIDUALS ASSOCIATED WITH THE VIETNAM VETERANS MEMORIAL FUND. TRY TO DETERMINE SPECIFICALLY WHAT CAUSED HIM TO REQUEST A BIG EIGHT AUDIT OF THE FUND.

BT

#0003

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

b6
b7c

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 4/17/84

On April 17, 1984, [redacted], Vietnam Veterans Memorial Fund, [redacted], was telephonically contacted by SA [redacted]. At the outset of the conversation [redacted] was advised of SA [redacted]'s identity and purpose.

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On April 16, 1984, [redacted] had contacted SSA [redacted] to advise he had learned that [redacted], [redacted] had been interviewed by the FBI. He advised [redacted] that the Government Accounting Office had just completed an audit in which they had come out clean. On April 17, 1984, [redacted] repeated this information to SA [redacted] and gave the names of [redacted] and [redacted] as G.A.O. Officials familiar with the audit.

Investigation on _____ at Washington, D.C. File # Washington Field

196C-1449-3 b6
b7C

by SA [redacted] KGH:dem Date dictated _____

LO 0013 1100526Z

R WF

E DL

190248Z APR 84

b6
b7C

FM FBI DALLAS (196C-2123) (RUC)

TO FBI WFO (196C-1449) ROUTINE

BT

UNCLAS

JOHN P. WHEELER, III; VIETNAM VETERANS MEMORIAL FUND (VVMF), 1120
VERMONT AVE., N.W., WASHINGTON, D.C.; POSSIBLE FBW.

RE WFO TELETYPE TO DALLAS, 4/17/84.

ON APRIL 18, 1984, [REDACTED] WAS CONTACTED AT [REDACTED]

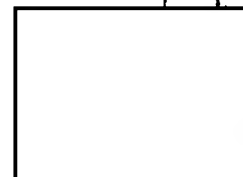
[REDACTED] AND ADVISED AS FOLLOWS:

HE MADE SUBSTANTIAL CONTRIBUTIONS TO VVMF OF APPROXIMATELY
165,000 SEVERAL YEARS AGO. [REDACTED] FIRST HEARD OF POSSIBLE WRONG-
GOING FROM [REDACTED], [REDACTED], WHO
CAN BE CONTACTED AT TELEPHONE [REDACTED], AND [REDACTED]
WHO CAN BE CONTACTED AT TELEPHONE [REDACTED]. [REDACTED] RECEIVED
ADDITIONAL INFORMATION FROM UNRECALLED VETERANS, AND WAS CONTACTED
ANONYMOUSLY BY [REDACTED] CLAIMING TO BE AN EMPLOYEE OF VVMF ALLEGING
WRONGDOING.

BASED ON THE ABOVE, [REDACTED] CONTACTED [REDACTED] OF VVMF.

196-1449-6

NA
RB



PAGE TWO DE DL 0013 UNCLAS (DL 196C-2123)

ADVISED HIM OF THE ALLEGATIONS, AND OFFERED TO PAY FOR AN AUDIT OF THE FUNDS BY A BIG 8 ACCOUNTING FIRM. [] ADVISED [] THAT HE [] WAS TRUSTED BY VETERANS IN GENERAL, AND HIS WORD THAT THINGS WERE STRAIGHT WOULD BE ACCEPTED. []'S REQUEST WAS DENIED BY [], WHEELER, AND THE WHOLE BOARD OF VVMF. [] ADVISED HE HAD HELPED VVMF OUT WHEN THEY WERE IN FINANCIAL DIFFICULTY, AND FELT THE DENIAL OF HIS REQUEST INDICATED SOMETHING WAS WRONG.

[] LATER CONTACTED [] OF THE VVMF AUDIT COMMITTEE, WHO BECAME FURIOUS AT []'S REQUEST; ACCUSING [] OF QUESTIONING HIS INTEGRITY. [] DID ADMIT THE AUDIT COMMITTEE HAD NEVER MET.

[] INVOLVED WITH [] IN THIS WAS HIS GIRL FRIEND, []

[] HAS HEARD RUMORS THAT [] WAS EMPLOYED BY VVMF WHILE

[] WAS IN WASHINGTON, D.C., AS A []

[] HAS HEARD FROM SOURCES OF UNKNOWN RELIABILITY THAT A U. S. ATTORNEY WORKING ON THE [] MATTER BELIEVES [] TO HAVE INFORMATION PERTINENT TO THIS INVESTIGATION. [] BELIEVES []

[] IS MORE AWARE OF THIS AS HE MAY BE A FRIEND OF THE U. S.

PAGE THREE DE DL 0013 UNCLAS (DL 196C-2123)

ATTORNEY WHO HANDLED [REDACTED].

WHEELER IS AN SEC OFFICIAL AND [REDACTED] HAS HEARD [REDACTED] HAS A
ROLE IN THAT ORGANIZATION.

[REDACTED] ATTEMPTED TO FORCE AN AUDIT THROUGH THE COURTS WHICH WAS
HANDLED BY [REDACTED] WASHINGTON, D.C. ATTORNEY, [REDACTED].

ACCORDING TO [REDACTED], [REDACTED] S "NOSE TWITCHED" AT WHAT HE LEARNED.

[REDACTED] WILL FURNISH TO THE FBI ANY INFORMATION HE HAS. [REDACTED]

WAS NOT A VIETNAM VET, AND HAD NO STANDING.

[REDACTED], FORMER OWNER OF [REDACTED], ALSO
ATTEMPTED TO GET ACTION FROM [REDACTED] WITH NO RESULTS.

[REDACTED], [REDACTED], KNOWS MUCH
ABOUT THIS MATTER, AND ACCORDING TO [REDACTED], WAS FIRED [REDACTED]
[REDACTED]

[REDACTED] HAS BEEN CONTACTED BY [REDACTED] OF GAO [REDACTED]
CONCERNING THIS MATTER, BUT FEELS THIS IS A POLITICALLY MOTIVATED
WHITWASH INSTITUTED BY SENATORS [REDACTED] AND [REDACTED], WHO DID NOT WANT
AN AUDIT CONDUCTED.

BT

0013

NNNN



Special Agent [redacted]
FBI
Washington DC

b6
b7c

Dear [redacted]

Attached here is some background material explaining the situation concerning [redacted]

DIRECTORS

John P. Wheeler III, Esq.*
Chairman
Robert H. Frank, CPA
Treasurer
Ronald F. Gibbs*
George W. Mayo, Jr., Esq.*
John C. Morrison, Esq.*
Richard E. Radez*
John O. Woods Jr., P.E.*

STAFF

Jan Craig Scruggs*
President
Col. Robert A. Carter, USAF, Ret.*
Executive Vice President/Secretary
Kathie M. Kielich
Administrative Manager/
Director of Public Relations

NATIONAL SPONSORING COMMITTEE

Arnold "Red" Auerbach
Pearl Bailly
Marion S. Barry, Jr.
Mayor
District of Columbia
Rocky Bleier*
Ruben Bonilla
League of United Latin
American Citizens (LULAC)
The Hon. Ellsworth Bunker
Carol Burnett
Jose Cano
American G.I. Forum of the U.S.
Rosalynn Carter
The Hon. Max Cleland*
The Hon. Baltasar Corrada
Howard Cosell
Gen. Michael S. Davison, USA, Ret.*
Former Commander-in-Chief,
U.S. Army, Europe
The Hon. Gerald R. Ford
and Mrs. Ford
Philip Geyelin
Barry Goldwater
United States Senator
from Arizona
Rev. Theodore M. Hesburgh, C.S.C.
University of Notre Dame
Bob Hope
Gen. David C. Jones, USAF (Ret.)*
Vernon E. Jordan, Jr.
National Urban League
Michael J. Kogutek
American Legion
The Hon. George McGovern
The Hon. Robert P. Nimmo
Nancy Reagan
Carl T. Rowan
Willie Stargell
Roger Staubach*
Jimmy Stewart
The Hon. Paul Thayer
Deputy Secretary of Defense
The Hon. Cyrus R. Vance
Gen. John W. Vessey, Jr.*
Chairman, Joint Chiefs of Staff
The Hon. Harry N. Walters
Administrator of Veteran Affairs
Veterans Administration
John W. Warner
United States Senator
from Virginia
Gen. William C. Westmoreland, Ret.*
Former Chief of Staff, U.S. Army
The Hon. Joseph C. Zengerle*

*Served in Vietnam

Affiliations noted for
purposes of identification only.

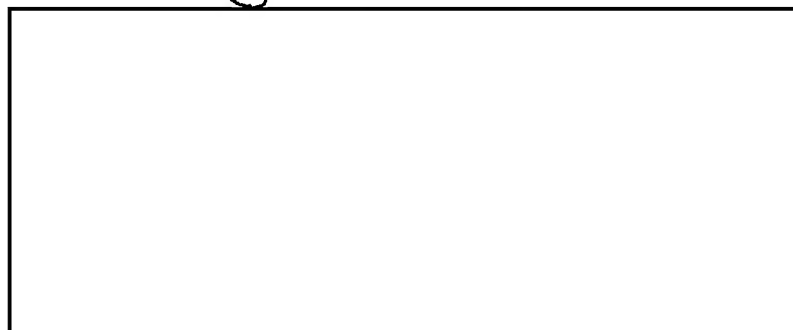
CORPORATE ADVISORY BOARD

August A. Busch, III
Chairman and President
Anheuser-Busch Companies, Inc.
Wayne M. Hoffman
Chairman and Chief Executive Officer
Tiger International
John G. McElwee
President
John Hancock Mutual
Life Insurance Company
J. Richard Munro
President
Time, Inc.
Edmund T. Pratt, Jr.
Chairman of the Board
Pfizer, Inc.
Lloyd N. Unsell
Executive Vice President
Independent Petroleum
Association of America
T. A. Wilson
Chairman and Chief Executive Officer
Boeing Company

[redacted] the Vietnam Veterans Memorial Fund.

Let me know if I can be of further help.

Sincerely



196-1449-7

Vietnam Veterans Memorial Fund, Inc.

1110 Vermont Avenue, N.W., Suite 308, Washington, D.C. 20005 (202) 659-2490

Back round



The Story of the Vietnam Veterans Memorial

*An insider tells the sometimes-troubled history—
through its pre-construction days until the glorious national tribute
one year ago this month.*

By Robert W. Doubek

NO DOUBT like most Vietnam veterans, I had been preoccupied after leaving the service with completing my education and getting established in a career. I had had little time to look back but—probably like most—I retained a lingering sense of resentment that our service had gone unrecognized by our country.

While practicing law in 1978, I met Joe Zengerle, a West Point graduate, Vietnam veteran and early advocate for Vietnam veterans' causes. In April 1979, at Joe's invitation, I attended a meeting of an ad hoc committee formed to hold a local observance of Vietnam Veterans Week (proclaimed by Congress for the week of Memorial Day, 1979). There, a slender serious-looking man named Jan Scruggs proposed the idea of a memorial. The consensus at the meeting was negative ("We need benefits, not a memorial."). Later, I advised Jan that a non-profit, charitable corporation was the necessary legal organization to undertake such a project. It could contract for design, construction and other services, and receive contributions; donors would get tax deduc-



Photo by John Carriso/TYL Associates, Inc.

not just the government. The memorial would make no political statement about the war. By transcending that issue, it could help reconcile the divisions in the country caused by the war, since both supporters and opponents would no doubt agree that Vietnam veterans had served honorably.

Jan, from Bowie, Md., enlisted in the Army right out of high school. He had served in Vietnam from 1969 to 1970 as a rifleman and had been decorated for valor. Half the men in his company were killed or wounded, and he was wounded and hospitalized for two months. After Vietnam he earned college and graduate degrees in psychological counseling. In a study of the psychosocial readjustment of Vietnam veterans, he found that years later many still had difficulties—

primarily because they did not return to a supportive psychological atmosphere. In congressional testimony in 1976 he had recommended that the federal government establish not only counseling centers but a national memorial—as a symbol to Vietnam veterans that the country cared about them. The movie *The Deerhunter*

return to a supportive psychological atmosphere. In congressional testimony in 1976 he had recommended that the federal government establish not only counseling centers but a national memorial—as a symbol to Vietnam veterans that the country cared about them. The movie *The Deerhunter*

In late 1979, several members of Congress co-signed a resolution authorizing the use of two acres near the Lincoln Memorial as a site for the Vietnam Veterans Memorial. Four of the 10 pose with Jan Scruggs (right) during a press conference. (Left to right) Sen. John Warner (R-Va.), Rep. John Paul Hammerschmidt (R-Ark.) and Sen. Charles Mathias (R-Md.).

Photo by Bruce Hargreaves



had now rekindled his idea for the memorial.

The Vietnam Veterans Memorial Fund, Inc., was incorporated on April 27, 1979. Scruggs became president, and I became secretary. In June the IRS granted tax-exempt status. We opened a post office box and arranged with a bank to open all our mail and deposit and record receipts of all contributions. Jan drafted statements and asked senators and congressmen for support, taking two weeks off from his job without pay. He organized a press conference on Memorial Day to announce the formation of the VVMF, but by July 4 only \$144.50 was received—as sardonically reported by Roger Mudd on the CBS evening news.

Yet, the wire service story had a positive effect. It publicized the Fund's address and attracted the notice of Jack Wheeler, a Washington lawyer, Vietnam veteran and West Point graduate who had led the effort to establish a South East Asia memorial at West Point. At our first meeting I outlined the seemingly overwhelming number of tasks, decisions and problems. The

initial, most critical was manpower. Wheeler recruited a group of professional men, all Vietnam or Vietnam-era veterans, comprised of lawyers Sandy Mayo, John Morrison, Paul Haaga and Bill Marr, and certified public accountant Bob Frank, who agreed to become VVMF treasurer.

In August, Sen. Charles Mathias of Maryland agreed to introduce the legislation needed to authorize public land for the memorial. Frank and Wheeler became VVMF directors, and in September we began regular meetings with the legal committee and other volunteer advisors, who included Vietnam veterans Bill Jayne and Art Mosley, and Heather Haaga, a telephone company executive with knowledge of fund raising.

The legislation would be introduced on Nov. 8, 1979. Now for the basic is-

sues: where and what should the memorial be? Most important for its success was a prominent site. It should be a major memorial seen by all tourists—not just a marker or statue tucked away across the river. A site on the Mall, suggested by Senator Mathias, would be prominent but would require that the memorial's design respect the existing environment. Happily, the requirement was compatible with our thinking. We believed that in character the memorial should be reflective and contemplative, evoking thoughts about the service, sacrifice and courage of the veterans, the missing and dead, rather than attention to U.S. policy or the war itself. The design solution used at West Point, where a park was developed on a quiet peninsula, seemed ideal, and we envisioned the memorial as an overall landscaped plan. Thus, we asked Mathias to specify in the legislation a two-acre site in Constitution Gardens. Congressman John Paul Hammerschmidt agreed to introduce a companion bill in the House of Representatives.

FUND-RAISING EFFORTS

In September, a direct mail fund-raising firm proposed a 200,000-letter test mailing, which, if successful, would be followed by a one million-letter appeal on Memorial Day 1980. The test required \$20,000 for postage and fees, far in excess of our assets. Yet,

Maya Ying Lin, a 21-year-old architecture student at Yale University, won first place in the nationwide competition to design the Memorial. Here she displays her winning entry at a May 1981 press conference with Jan Scruggs (left) and the author.

Photo by Bruce Hargreaves



in early October, Sen. John Warner of Virginia, who was Secretary of the Navy during the Vietnam War, personally committed to help raise the "seed money" required to launch the national fund-raising campaign.

With the introduction of the legislation, VVMF needed an organization and an office. We formed six volunteer groups (public relations, finance and accounting, fund raising, legislative, site selection, and design and construction), and on Dec. 1, 1979, I became executive director—our first salaried position. On Jan. 2, 1980, I opened our office—barely large enough for a desk—on Connecticut Avenue.

By the end of 1979, VVMF had \$9,000—\$5,500 from individuals in response to the July 4 news story, \$2,500 from the Veterans of Foreign Wars and a \$1,000 personal gift from Senator Warner, who had held a fund-raising breakfast in late December. (According to Scruggs, TROA members were among the first Americans to respond to the national appeal for financial support.) In addition, on Jan. 16, Grumman Aerospace Corporation, responding to Warner's appeal, presented a \$10,000 check, enough for the postage for the test mailing and the initial fees of the firm. We were off and running. In February, H. Ross Perot contributed an additional \$10,000. Heather Haaga and our direct mail firm designed new letterhead and our flame logo. We recruited prominent Americans to lend their names as members of our national sponsoring committee. Bob Hope agreed to sign our appeal. By the end of February, the test mailing was a clear success; the Memorial Day appeal would be targeted to names on lists which tested best.

Morrison guided our legislative effort. By mid-March, 85 of the 100 senators were co-sponsors of our bill. With this number and our professional study of site alternatives, the National Park Service abandoned its opposition to the site-specific provisions in the bill. After hearings in the Senate, Vietnam veteran Ron Gibbs coordinated efforts in the House. With Senate passage on April 30, and House hearings on May 12, we were hopeful of final

passage by Memorial Day, to coincide with our direct mail appeal and our Memorial Day service at the site. Yet, a congressman who misunderstood the nonpolitical nature of the memorial gutted our bill on the House floor, requiring a Senate/House conference to restore the site provisions and spoiling our schedule.

Whatever our initial successes, it still took money to raise money. The one million-letter appeal required

selecting a single artist or designer, conducting a "limited competition" or holding a competition open to all. We decided upon the latter. We had already heard from dozens of designers, and the significance of the project demanded a design selection method which, consistent with our fund raising, would offer all Americans the opportunity to contribute. After interviews in May and June we selected Washington architect Paul Spreiregen,



Photos by Bruce Hargreaves

\$31,000 in advance for postage. Washington's First American Bank, whose president Charles Daniel was a West Point graduate, provided an unsecured loan. In March 1980, we realized that our public relations needs required professional involvement and had invested our still-meager resources to retain a firm. The investment soon paid off when in late April syndicated columnist James J. Kilpatrick, who had never before endorsed a fund-raising drive, appealed to his readers. They ultimately gave more than \$60,000. We repayed the loan within weeks.

SELECTING A DESIGN

Mosley, a West Point graduate and real estate developer, and John Woods, a professional engineer who was disabled in Vietnam, considered alternative methods of selecting a design for the memorial: designing it ourselves,

Numerous Vietnam veterans were invited to the March 26, 1982 groundbreaking ceremony, including TROA's executive vice president, LGen Roy Manor, USAF-Ret.

an expert on the competition method, as our professional advisor.

Our Memorial Day service received national media attention, and on July 1, 1980, President Carter signed our legislation in a Rose Garden ceremony. The bill, made the memorial's design subject to the approval of the Commission of Fine Arts, the National Capital Planning Commission and the Secretary of the Interior, James Watt, and required that sufficient funds to complete it be raised before ground was broken. With our direct mail effort and Kilpatrick's appeal, we now had sufficient funds to hold the design competition and undertake less expensive forms of fund raising.

One month later I found larger office space, and in September Kathy Kielich joined me on the staff as administrative manager. With the organizational guidance of Richard Radez—a West Point graduate and bank executive—we hired Sandie Fauriol in October to plan and conduct a fund-raising campaign that would target corporations, foundations, unions, veterans organizations and community groups, in addition to the ongoing direct mail program. We set a \$7 million fund-raising goal based upon our estimates of design, construction, and administrative and fund-raising costs. To advise Fauriol, we retained Robert Semple, a consultant from New York. With Ray Grace, a Vietnam veteran who had raised the funds for the Lake Placid Olympics, as our contractor, we intensified our direct mail program.

Throughout the summer, we developed the rules, criteria and documents for the design competition. For the design we specified that the memorial be reflective and contemplative, and harmonious with its site and environment; contain inscriptions of the names of the 57,939 dead and missing; and make no political statement about the war. Our most difficult decision was the composition of the jury. Alternatives included judging it ourselves and putting together a panel representative of all affected by the war. Ultimately we decided—as the jury's discretion was limited by our criteria and we would interview all candidates—to constitute a jury of the most experienced, prestigious artists and design-

ers we could find. It took a mature eye to envision—from two-dimensional renderings—how a design would look on the site. Prestige was important to attract the best designers and to minimize second guessing by the federal approval bodies, which had tied up a memorial to President Franklin D. Roosevelt for more than 25 years.

We began promoting the competition in October and sent out more than 5,000 copies of the rules booklet. By the Dec. 29 deadline nearly 2,600 individuals and teams (3,800 individuals in all) had registered. By March 31, 1981, we received 1,421 entries, making our competition the largest ever held in the U.S. or Europe. The entries, if set up side by side in a single row, would have extended more than 1.3 miles. Joe Zengerle, who was now Assistant Secretary of the Air Force for Installations, had arranged for the entries to be displayed in a hangar at Andrews AFB, Md.

In February 1981, Scruggs became a full-time staff member, and Col Don Schaet, USMC-Ret., became executive vice president. As the new project director, I focused on design and construction. In April, Karen Bigelow was hired as assistant campaign director. We now had the full staff of eight, including two secretaries, who carried the project to completion. During this period Perot contributed \$160,000, the estimated cost of the design competition. Total contributions as of March 31, 1981, exceeded \$1.8 million.

MAYA LIN WINS

On May 1, 1981, the jury presented its report to our board, staff and design advisors. All but one of us served in Vietnam, and we enthusiastically accepted its recommendation to build the first prize-winning design of Maya Ying Lin. Announced at a press conference on May 6, the design was national news. We were finally getting the attention from the media that we had sought from the beginning. Though the unconventional design provoked some negative comment, a consensus favoring its elegant simplicity emerged on the part of the architectural critics, the staffs of the approval bodies and veterans orga-

nizations. The American Legion and the Veterans of Foreign Wars publicized the design and launched internal fund-raising campaigns.

In June 1981 the design concept was approved in open hearing by the Secretary of the Interior's National Capital Memorial Advisory Committee. The Fine Arts and Planning Commissions followed suit at hearings in July and August. Though giving conceptual approval, all three bodies saw questions of safety, handicapped access and drainage to be addressed in the design development process. In mid-August we retained the Cooper-Lecky Partnership, a Washington architectural firm, to assist Lin in developing her design into final plans. Gilbane Building Company, which had built the Air and Space Museum on the Mall, became our construction manager.

By late summer we had planned to break ground in March 1982 and dedicate the memorial on Veterans Day. The dedication would offer an opportunity for national recognition of Vietnam veterans. We began to think in terms of a major celebration, which might include a parade. In May, immediately after the design was announced, radio station WPKX of Alexandria, Va., held a radiothon which raised \$250,000 in pledges during one weekend. Similar fund raisers followed in San Antonio and Little Rock. Staffers Fauriol and Bigelow toured the country visiting corporations and foundations. The fund-raising campaign hit full stride when Paul Thayer, chairman of the LTV Corporation, agreed to be chairman of our Corporate Advisory Board.

While our design team addressed issues such as safety, handicapped access, and size and layout of names, Walter Marquardt—our Gilbane construction executive—developed budgets and schedules and investigated sources for materials. The walls were lengthened to 250 feet to provide a gentle slope for wheelchairs and allow maximum space for the names. A granite walkway and safety curb were added. A storm sewer under Constitution Avenue solved the drainage problem. We found that black granite could be quarried to produce slabs with a maximum width of 40 feet; the names were therefore laid out five to a line, with the panels like pages in a book. Stone with



Photo courtesy Vietnam Veterans Memorial Fund

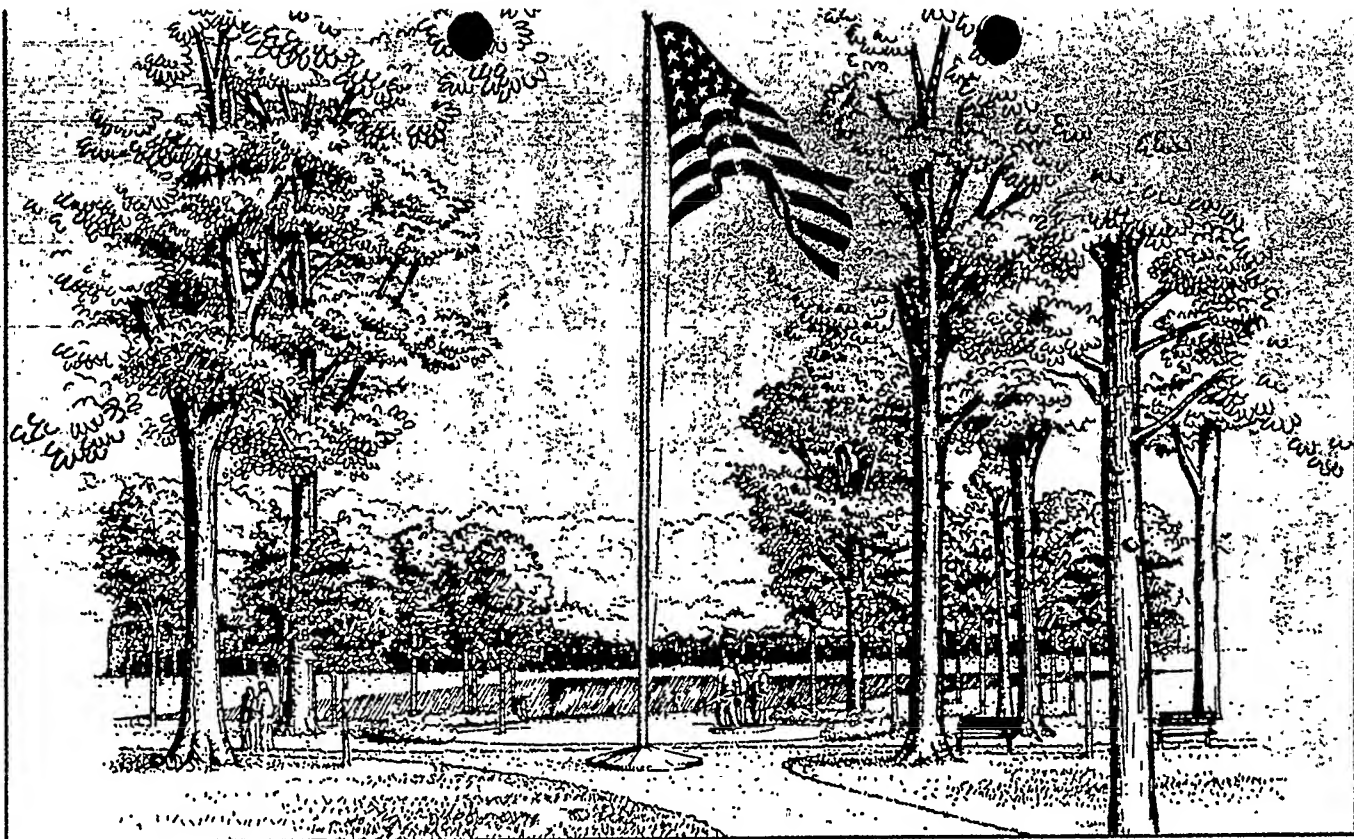


Illustration courtesy Vietnam Veterans Memorial Fund

sufficient density and depth of color unfortunately was available only from quarries in India and Sweden. In September I arranged with the National Personnel Records Center in St. Louis to retrieve the file of every man and woman on the casualty list and check the spelling of his or her name.

INSCRIBING THE NAMES

Our major problem was how to inscribe the names. Hand carving would take all the world's craftsmen three years and cost \$10 million. Even the production of stencils for sandblasting would be a huge task. Yet, in August, almost as if by providence, I was called by Larry Century, a young inventor from Cleveland, Ohio. He had devised a process which he believed might be used to inscribe the names. It produced a stencil photographically, directly on the surface of the stone. Century soon submitted samples of granite with complex designs—which we had sent—blasted perfectly. His process, though simple, was such a great advance that we specified its use when we bid the inscription contract. Century became a consultant to Binswanger Glass Company of Memphis, Tenn., which won the contract and blasted all 57,939 names in a three-month period.

By the fall of 1981, we were well on schedule for a March groundbreaking. Fund-raising was going well, and the

developed design would be ready for the November meeting of the Fine Arts Commission. Before quarrying the stone, however, we needed to go before Fine Arts in October for approval of the granite samples. This meeting was to become the opening battle of a miniature war called the "controversy."

Tom Carhart, a Vietnam veteran and West Point classmate of Wheeler and Mosley, had moved to Washington in April 1980 and become an occasional VVMF volunteer. A contact of his had led to the loan from First American Bank. Later that fall, however, Carhart had withdrawn as a volunteer to enter the design competition, and like 1,402 other entrants, had been unsuccessful. Unhappy with the chosen design, Carhart had little subsequent contact with VVMF. But now, five months later, he was to show up at the Fine Arts Commission wearing his purple hearts, and with reporters and television film crews, to denounce the design and demand its rejection. His characterization of the memorial as a "black gash of shame and sorrow" was publicized nationwide by the Associated Press, which described him as a decorated veteran, but failed to mention that he was also a losing competitor.

The Fine Arts Commission affirmed its prior approval, but others disgruntled with the design joined Carhart, and a small but determined effort

To accommodate concern that the Memorial lacked specific symbols of veterans and patriotism, the VVMF added a heroic sculpture designed by Frederick Hart (opposite page) and a flagstaff. Both are expected to be dedicated in May.

to block its construction began. The group included staff members of conservative congressmen, key assistants of Interior Secretary Watt, author James Webb and Milton Copulos, of the Heritage Foundation, a conservative think tank. It seemed as if fires were being lit everywhere, and the press, sensing blood, at times reported opinion and misinformation as fact. A document alleging that four or five of the jurors were anti-war activists and one a member of the American Communist Party was circulated among conservative senators and key administration officials.

Carhart gained access to the op-ed pages of *The Washington Post* and *New York Times* to carry his crusade. While Kilpatrick held firm in his support of the design and helped bring the *National Review* around, other publications and columnists like *Soldier of Fortune*, Pat Buchanan and Phyllis Shafly denounced the design without ever talking with us.

Our opponents failed to testify at the hearings of the Fine Arts and Planning Commissions in November and De-



Thousands came to Washington in November 1982 to view the completed Memorial and participate in a National Salute to Vietnam Veterans parade (opposite page).

requested explanation of our design selection method and the jury's deliberations. In early December, Webb resigned from our National Sponsoring Committee, retained a lawyer and demanded that his name be removed immediately from all VVMF materials. He tried to get Army Gen William Westmoreland to resign also, but the general, after hearing our briefing and seeing the slides of the memorial, affirmed his conviction in the appropriateness of the design.

On Dec. 7, the opponents held a press conference to demand that the walls be made white and raised "above ground" (forming a fence across the Mall), with a flagpole planted at the vertex. No one at VVMF claimed to be an art critic, but we knew at least from Ayn Rand's *The Fountainhead* that we had no moral—and perhaps even legal—right to make such changes and that the design commissions would never approve them. Furthermore, if we lost the battle to build the Lin design we would lose the memorial entirely. The strong consensus and momentum could never be regained as each new design proposal would be second guessed for decades. We were eager, however, to propose a flag for the site, and asked Senator Warner to mediate somehow with our opponents. They had meanwhile enlisted the support of Perot, who was publicly threatening to conduct a Gallup Poll.

The "controversy" had an unexpected positive effect: our fund raising accelerated significantly. Furthermore, we learned that on Dec. 18, Secretary Watt told his staff that he would not interfere unless he received evidence that the allegations of communist involvement and of overwhelming public opposition to the design were true. The next week, the VFW presented a check for \$180,000, and the American Legion was rapidly approaching its goal of \$1 million.

Yet, our optimism was short lived. During the Christmas 1981 recess, Congressman Henry Hyde, who claimed never to have heard of the memorial

ember at which the developed design was approved.

Jan, Don and I ran ourselves ragged answering hate mail, writing letters to editors and briefing congressmen. Whenever we could get a hearing, we prevailed almost every time. But we were constantly put on the defensive—pointing out that black was a color of

dignity and respect (the Marine Corps and Seabees' memorials were black), the 126 degree angle of the walls could not possibly be a "peace sign" (no one could spread his fingers that wide), and the memorial would indeed contain an inscription.

In November, Secretary Watt, having heard the "communist" accusation,

Photo by Mickey Sunborn

before, reacted to Webb's op-ed piece in the *Wall Street Journal* on Dec. 18 (Webb asserted that the memorial would be a "wailing wall") and Pat Buchanan's attack in the *Chicago Tribune* on Dec. 26 (raising the "communist" allegation). Without requesting the facts from us, Hyde fired off a "Dear Colleague" letter to all House Republicans asking that they write President Reagan to have the project blocked. Ironically, Hyde represented my home town of Berwyn, Ill., where the local American Legion post had just conducted a "walk-a-thon" to raise funds for the memorial.

Events moved rapidly. In early January, Secretary Watt informed us that he would personally review the project. We had heard that our opponents were basically concerned with adding a flag and having a stronger-worded inscription, which we were perfectly willing to do. We asked Warner to set up a meeting. Secretary Watt, meanwhile, made it clear that he would kill the project unless we accommodated the group of opponents. What was to have been a small meeting grew to fill a Senate hearing room as opponents came in from around the country and Perot sent an aide to Washington to spread the word.

WORKING OUT A COMPROMISE

We were outnumbered at least five to one. We explained the criteria, we explained the design competition, we offered the flag, we offered the inscription, but the reaction was totally negative. After five hours of deadlock, Gen Michael Davison, former U.S. Army Commander in Europe and a strong supporter of the original design, proposed the addition of a sculpture of a serviceman.

We doubted that such an addition would be approved, but with Watt's ultimatum, we had to yield somewhere. At the same time, the memorial's potential spoilers appeared to balk at the responsibility for killing the project. Almost by magic we had the key to unlocking the dilemma. VVMF agreed to use our best efforts to add a flag and statue, and they agreed to cease their efforts to block construction of the Lin design. It was further agreed that we would reconvene in several weeks to discuss suitable sculptures.

The idea that a national memorial

could be designed through backroom political tactics was grotesque, but Watt pronounced that he was satisfied with the compromise and inclined to approve construction. We made final arrangements, but just five days before we were to break ground, Watt requested assurances from the commissions that the additions would be approved.

After the initial shock of the meeting, we realized that the important thing was to have a memorial, even if it were not done exactly according to our plans. Furthermore, many people whom we respected thought that a realistic sculpture might be a positive addition, and the site was large enough to blend the flag and statue harmoniously with the walls. Fortunately, both commissions had meetings scheduled for early March, and both, aware of our political problems, took the unusual step of approving the sculpture

in principle—in the absence of a specific design. Fine Arts, however, added the caveat that the flag and statue would best be grouped to form an "entrance plaza" at the site.

On March 11, Watt issued his approval, with the condition that the memorial could not be dedicated until the statue was in place. By coincidence the second meeting with the opponents was convened later that day. As at the first meeting, we were outnumbered, and the agenda—to consider designs for the sculpture—was changed. They now decided that they would dictate the exact locations of the flag and statue—even though the statue design had not been considered. By a show of hands, they voted to put the flag at the vertex and the statue in the angle, thereby making the walls a pedestal for the flagpole and a backdrop for the sculpture. Despite this, the meeting had at least one positive result: the sug-

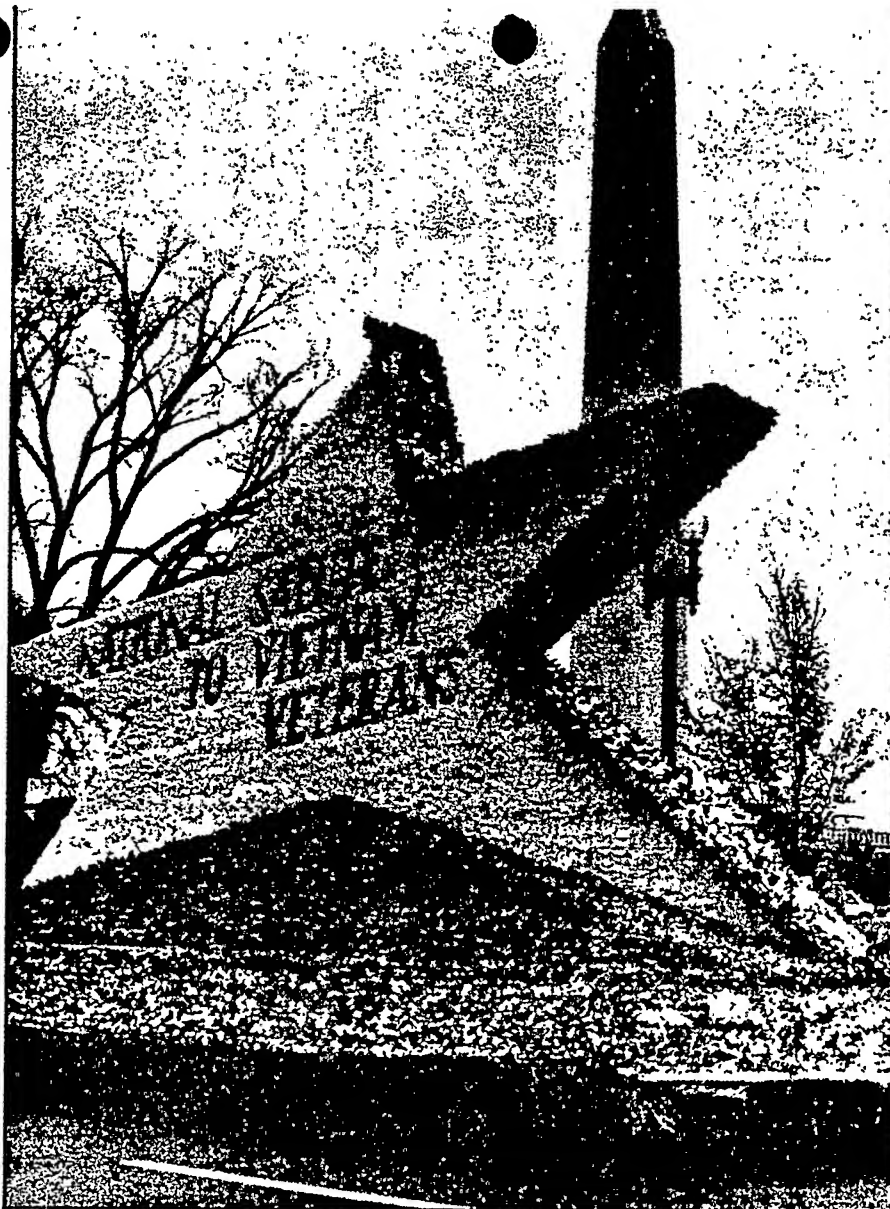


Photo by John Caruso/TYL Associates, Inc.

gestion to form a committee to work out the details of the additions.

Work began at the site on March 16, 1982, with the formal groundbreaking ceremony on March 26. Warren Creech, Gilbane's construction manager, pulled out all stops to make up for the lost time. Col Robert A. Carter, a retired Air Force fighter pilot, became our new executive vice president on April 1, 1982. Having completed the fund raising, Fauriol and Bigelow began planning the National Salute to Vietnam Veterans.

In April we formed the Sculpture Panel—with Webb, Copulos, Mosley and Jayne—comprised equally of supporters and opponents of the Lin design. The panel asked Rick Hart, the highest-ranking figurative sculptor in the design competition, to produce clay sketches. We agreed to consider a grouping of three soldiers, and on July 1 we retained Hart to develop a presentation model. Progress on finding locations for the flag and statue was not as easy, since Webb and Copulos insisted that "political" considerations govern—regardless of aesthetics and the need for commission approval. Nevertheless, our Board, as a gesture of good faith, determined to forward for ap-

proval the panel's recommendations without modification.

After some tense weeks, in which project architect Carla Corbin ironed out the final details of the inscription process, the first granite panel was unveiled on the site on July 20. We were still on schedule for completing the walls in time for the National Salute in November.

NATIONAL SALUTE

In September, the American Legion, VFW, DAV, AMVETS and Paralyzed Veterans, perceiving the enthusiasm for the Salute and alarmed at the lost opportunity, in concert petitioned Watt to allow the dedication. We were scheduled to present the flag and statue proposal to Fine Arts in October, and although doubtful of their "political locations," we were confident that they would be approved. Arguing that our actions had demonstrated our good faith and that approval of the sculpture design was the higher hurdle, we proposed that Watt relax the condition for a dedication if the sculpture were approved. We began organizing witnesses to testify for the statue, but at the same time were being hard pressed from the rear. Maya Lin, upset with any

additions to the site—regardless of location—had retained a prominent attorney to press her case.

The approval of the sculpture on Oct. 13, 1982, and the memorial's dedication on Nov. 13 should have been the end of this story. The opponents next, however, began a campaign to have Watt and Congress overrule the Fine Arts Commission. In the closing hours of the lame duck session in late December, Congressmen Donald Bailey and Duncan Hunter actually arranged House passage of a bill to dictate the flag and statue locations. Only the fortitude and astuteness of Mathias prevented it from becoming law. In late January Watt publicly stated that the locations were political issues that would not be resolved for months. At that point, someone obviously decided that enough had been enough, and within two days the secretary signed off on our three alternate proposals. At their February and March meetings, the two commissions approved our "entry plaza" proposal. The political battle over the memorial's design was at long last ended.

During this past spring and summer, VVMF completed the relocated sidewalks and installed the flagstaff. With completion of the plaza and additional walks, and the installation of a lighting system and the statue likely by Memorial Day 1984, the story will end.

The Vietnam War was the experience of our generation, and the lack of recognition of Vietnam veterans could well have been a national tragedy. Thanks, however, to the contributions of hundreds of thousands of caring Americans, and the courage and dedication of a much smaller group—privileged to play integral roles in the effort—our nation has been led to a reconciliation with its history and an opportunity to capture the positive aspects of the Vietnam experience. One message that can not be denied—as demonstrated by the memorial effort—is that the men and women who served in Vietnam have come of age as leaders of their country.

Robert Doubek served in Vietnam as an Air Force intelligence officer in 1969. He is an attorney now working with a commercial real estate development firm in Washington, D.C.



Photo by John Carlisoff/TVI Associates, Inc.

Since dedication, more than 2 million visitors—an average of 10,000 a day—have viewed the Memorial. The Department of Interior will handle grounds maintenance and upkeep beginning in May.

The TV Column

Ch. 9 Reporter Charged With Illegal Taping

By John Carmody

Channel 9 investigative reporter Carlton Sherwood was charged before a Maryland District Court commissioner in Silver Spring Saturday with illegally taping a conversation. He was released on his personal recognizance.

The arrest was the latest in a series of developments arising out of Sherwood's investigations for his three-part special report, which debuts tonight on WDVM's 6 and 11 p.m. news shows, called "Vietnam Memorial: A Broken Promise?"

A preliminary hearing on the charge, which is a felony in Maryland that carries a maximum penalty of five years in prison or a \$10,000 fine, was set for Dec. 9.

The Maryland Code says that it is unlawful to "willfully intercept . . . disclose . . . use or endeavor to use . . . any wire or oral communication . . . obtained through the interception."

Accompanied by WDVM news director David Pearce, Sherwood turned himself in to commissioner Michael Sullivan in Silver Spring, after being notified that a warrant for his arrest had been issued.

He was arrested on a complaint to the Montgomery County Police Department by John Wheeler, special counsel to the chairman of the Securities and Exchange Commission and chairman of the board of the Vietnam Veterans Memorial Fund.

Sherwood, who began work on the series in late June, reportedly will question on the broadcasts where the bulk of the \$9 million raised for the Vietnam memorial was spent. His investigation has prompted a sharp response from officers of the Vietnam Veterans Memorial Fund, the organization that created and raised the funds for the memorial.

They have alleged that Sherwood, a wounded Marine veteran of Vietnam, is biased against the memorial. Attorneys for top officials of the fund, including Wheeler and president Jan Scruggs, have in recent weeks asked WDVM to remove Sherwood from the probe, alleging various breaches of journalistic conduct as well as bias.

The station has stood behind Sherwood, who has denied all allegations.

Sherwood came to WDVM in May from WNEV in Boston. He has won both a Pulitzer and a Peabody award for investigative reporting.

Early Friday morning, Sherwood showed up at Wheeler's Bethesda residence after Wheeler—and this is one of the few things both agree on about the incident—had refused for two months to talk to the reporter.

Sherwood said yesterday that he wanted to give Wheeler a "last chance" to give his side of events that allegedly occurred during Wheeler's own service in Vietnam, details of which are due to be aired in tomorrow night's segment.

Wheeler said Sherwood was admitted to his living room where, in the presence of his wife, Elisa, he talked to the reporter for about half an hour. At no time, said Wheeler, did either he or his wife see anybody else, although he noticed an "empty old car" parked in front of his house.

Sherwood, however, says that under specific instructions from the station's legal counsel, he was accompanied by assistant news director Bill Lawler and a camera crew, which remained outside the house.

Early in the conversation, Wheeler said yesterday, he noticed a "cylinder where [Sherwood's] tie pin should have been" and said, "Hey, is that a microphone?"

Wheeler said Sherwood replied, "Yes" and when I asked him if he were taping our conversation he said, "Yes, I am taping this for my side."

Sherwood said yesterday that "he invited me in and I was clearly wearing a microphone. I invited him outside for an interview. I did it by the book."

Wheeler said he told Sherwood, "I don't want this taped" and that Sherwood then removed his coat, put the microphone in his pocket and placed the coat seven or eight feet away on a chair.

Subsequently, Wheeler said, Sherwood "made several very, very severe allegations about my personal background and I asked him on what basis he was making those allegations.

"At no time in the entire 30 minutes did he attempt or actually ask for permission to record any part of the conversation."

Wheeler added that he did not respond to the allegations but instead referred Sherwood to his at-

torney, Terry O'Donnell, who is also representing fund president Jan Scruggs, another apparent target of Sherwood's probe.

When Sherwood left, Wheeler called O'Donnell, who advised filing the complaint.

"One of the reasons I filed is that we [fund officers] haven't been treated fairly by Sherwood. There have been other incidents," Wheeler said.

Scruggs has charged that Sherwood has been allied with opponents to the memorial since 1981 and has frequently expressed his opposition to it during interviews with other parties for his upcoming WDVM series.

"Our point," said Scruggs, "is that the man has shown a clear, demonstrable bias on one side of the issue. He's been an advocate for one side and allied with one side. We think a responsible news organization should not allow him to appear to be a fair and unbiased reporter of events."

Attorneys for the fund have assembled depositions alleging incidents demonstrating Sherwood's bias as well as the correspondence between them and WDVM executives, which they have made available to The Washington Post and to an executive at the National Association of Broadcasters who has aided the memorial backers in the past.

Yesterday, WDVM news director Pearce said the series will run either three or four nights, with the segments about four to five minutes each.

He said fund officers and their attorneys came to him "about a month or so ago and spent a lot of time trying to convince me Sherwood is biased, a noncredible person. My basic responsibility is to judge if that's true. But they provided me with no evidence. They cited some fairly serious and outrageous incidents. I got Sherwood in and he not only denied them, he said they were the most outrageous things he's ever heard."

"Since then, there's been a great amount of intimidation placed upon Sherwood and the station, on anybody involved, trying to pressure us not to run the story."

Pearce contends that the fund has made no effort to provide specific financial information that the station has requested. But O'Donnell and Scruggs insist they have provided at least two audits from top-flight auditing firms.

"The audits they've offered were very superficial," said Pearce. "The line items weren't there. I'm satisfied at this point with the story. I'm not having doubts. I'm satisfied there's no bias in the story. When we first started talking about the information in the middle of the year, he [Sherwood] said he wanted very much not to do the story—he's a vet himself. He doesn't come down on Vietnam vets. He feels they've already gone through too much himself.

"Then, yesterday morning, this happens. It's really gotten out of hand at the moment."

Vietnam hero from Rutgers new VA chief?

By CARLTON SHERWOOD
Gannett News Service

WASHINGTON — A former Rutgers University law student from the Camden, N.J., campus who twice was given last rites on a Vietnam battlefield but lived to become the most-decorated veteran of the Vietnam War is a leading candidate for director of the Veterans Administration.

Gannett News Service has learned that David Christian, 31, of Washington's Crossing, Pa., an outspoken critic of the Carter administration's handling of veterans' affairs, has been endorsed for the top VA post by several Republican leaders including the influential Republican National Committee (RNC) Deputy Chairman Drew Lewis, and Sen. John Heinz, R-Pa.

A RNC spokesman said that Christian's file has been passed on to the Reagan transition team which is currently screening applicants for administration appointments.

The spokesman said the "enthusiasm" with which Christian has been recommended for the job makes him a "front-running" candidate to succeed triple-amputee Max Cleland as the VA director when the new Reagan administration is installed next month.

An Army Green Beret officer in Vietnam during the late 1960s, Christian sustained numerous gunshot and stab wounds and suffered second and third-degree napalm burns over 40 percent of his body.

He served only nine months in Vietnam but during that time was awarded seven Purple Hearts, four Bronze Stars, two Silver Stars and a pair of Distinguished Service Crosses, the country's second-highest award for bravery. His record for decorations is believed to be second only to Audie Murphy's, the late World War II hero-turned-actor.

Christian spent nearly two years



DAVID CHRISTIAN
... numerous decorations

as a patient at Valley Forge Veterans Hospital, where he underwent 33 operations for his wounds. At 21, he was promoted to the rank of captain and medically retired from the Army.

An honors graduate from Pennsylvania's Villanova University, Christian first emerged as a vocal veterans' rights advocate during three stormy years of study at Camden's Rutgers University Law School.

In 1978, he was hired by the Carter administration as a special assistant on veteran employment with the U.S. Department of Labor in Washington.

A year later, Christian was abruptly fired following a series of subtle, and occasionally open, attacks on what he characterized as the Carter administration's "pathetic record" on veteran employment.

He currently directs the Pennsylvania Veterans Outreach Center, headquartered in Levittown, Pa.

SERVING SOUTH JERSEY

WEDNESDAY, DECEMBER 31, 1980

COURTIER-POST

Camden romps to win
tournament, 94-67

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S.J. schools win 21 state titles

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WASHINGTON, D.C. 20016

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| PROGRAM: | DATE: |
| EYEWITNESS NEWS | THUR., APR. 12, 1984 |
| STATION OR NETWORK: | TIME: |
| WDVM TELEVISION | 6:00 PM |

VIETNAM VETERANS MEMORIAL FUND INVESTIGATION OVER

MAUREEN BUNYAN, EYEWITNESS NEWS: Eyewitness News learned today that the General Accounting Office, in an audit, has not found anything negative about the operation of the Vietnam Veterans Memorial Fund. Kent Jarrell reports from our newsroom--

KENT JARRELL, EYEWITNESS NEWS: Auditors from the General Accounting Office briefed Senate and House members today on the progress of their investigation. The audit was started after WDVM TV aired a series last November questioning the financing of the memorial.

Congressional sources today said the auditors told them they will give the memorial fund a clean bill of health; that no basis was found for the allegations aired in the series, which was compiled by former WDVM Reporter, Carlton Sherwood.

The GAO has a target date of May 23 for the official release of the report on the audit. Tonight, Milton Sokolod, a special assistant to the GAO comptroller said the congressional sources were accurate in their descriptions of the GAO findings.

Reporter Carlton Sherwood resigned from WDVM late last year. He was unable to be reached tonight for comment. WDVM News Director Dave Pierce said, we were unable to get access to the fund's records during our investigation. It appears the questions we have raised have been answered.

John Wheeler, the chairman of the memorial fund said tonight, from the start the fund has been managed with the utmost integrity. Wheeler added, the fund is the most audited enterprise in the history of the galaxy. I'm Kent Jarrell, Eyewitness News.

RADIO-TV MONITORING SERVICE, INC.

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PROGRAM:

NEWS SEVEN

DATE:

FRI., APR. 13, 1984

STATION OR NETWORK:

WJLA TELEVISION

TIME:

6:00 PM

GAO REVIEWS THE VIETNAM VETERANS MEMORIAL FUND

DORIS MCMILLAN, NEWS SEVEN: Questions and allegations concerning the Vietnam Veterans Memorial Fund raised last year have been answered today. A preliminary report from the General Accounting Office finds--well, it looks like we weren't supposed to read that story yet.

DAVID SCHOUMACHER, NEWS SEVEN: Well, we've given quite a preview. We'll come back in a moment and give you the rest of the story, as somebody once said.

* * * * *

SCHOUMACHER: Now then, as we were saying, the General Accounting Office has given a clean bill of health to the group that raised money for the Vietnam Memorial in Washington, and here's News Seven's John Spiropoulos.

JOHN SPIROPOULOUS, NEWS SEVEN: David, this is in part a story about another TV station: WDVM, here in Washington. Last November, it aired a series of reports about the Vietnam Veterans Memorial Fund.

The reports clearly left viewers with the impression that money collected for the memorial had been improperly spent. The reports clearly left viewers with the impression that the fund had something to hide, because it wouldn't open up its books to Channel 9.

So, the General Accounting Office, at the request of Maryland Senator Mathias and Virginia Senator Warner, reviewed the fund's books, the checks it had written--even checking on the furniture that was purchased for the memorial fund's office.

They did a full-scale audit. The GAO, late yesterday, briefed both senators, who are supporters of the memorial fund, and Senator Mathias says he is pleased with what he heard. So is the president of the Memorial Fund, Jan Scruggs--

JAN SCRUGGS, PRES. VIETNAM VETERANS MEMORIAL FUND: I feel very relieved, you know, certainly individually, because this has been--has put me under a great deal of pressure and strain, and this has been a difficult enough project, even without all of the controversy that we've had from its very inception.

SPIROPOULOUS: So what now? That may depend on Channel 9. Last December, Scruggs sent WDVM a 37-page rebuttal to the series. As yet, he says, there's been no response. Scruggs wants some kind of on-the-air apology and correction, and if he doesn't get it, there's the hint of a libel suit.

The reporter on the story, Carlton Sherwood, is no longer employed at Channel 9. Follow-up reports have been turned over to Kent Jarrell. The Memorial Fund says Jarrell's reports are objective, that Sherwood's were not.

Last week, Jarrell told me that when the accuracy of Sherwood's reporting was questioned, he was given a full day to review the evidence Sherwood had amassed against the fund. And what did Jarrell find? Nothing. In fact, Sherwood never did tell the public the memorial fund had been regularly and satisfactorily audited by a major accounting firm. This fact was never presented, though WDVM's management was made aware of it. In addition, the reports never mentioned that the fund had passed muster of an IRS audit.

Sherwood, meanwhile, is portrayed by the Memorial Fund as having a vendetta against the memorial's controversial design, as well as the fact that it was designed by an Oriental. The fund sponsors now claim the controversy generated by the reports has tainted the Vietnam Veterans Memorial itself. Now, after a thorough audit, the GAO's preliminary finding is, there's nothing wrong.

Nevertheless, late this afternoon, WDVM News Director, Dave Pierce, told News Seven that he, quote, still feels comfortable with the story we aired, unquote. David?

SCHOUMACHER: John, thank you.

RADIO-TV MONITORING SERVICE, INC.

3408 WISCONSIN AVENUE, N.W.

WASHINGTON, D.C. 20016

244-1901

PROGRAM:

NEWS SEVEN

DATE:

FRI., APR. 13, 1984

STATION OR NETWORK:

WJLA TELEVISION

TIME:

11:00 PM

VIETNAM VETS MEMORIAL FUND CLEARED BY THE GAO

DAVID SCHOUMACHER, NEWS SEVEN: The results are in on a government audit of the Vietnam Veterans Memorial fund. We'll have that story and more in just a moment.

* * * * *

The Vietnam Veterans Memorial Fund has been given a clean bill of fiscal health in a preliminary report by the General Accounting Office. News Seven's John Spiropoulos is with us tonight, and he has a report on why the federal government was looking into the Memorial Fund's books in the first place.

JOHN SPIROPOULOUS, NEWS SEVEN: David, the controversy began last November. It was kicked up by a series of reports aired by WDVM News, Channel 9, here in Washington.

The reports left the impression that money collected for the memorial had been improperly spent; that the fund had something to hide, because it wouldn't open its books to Channel 9. But it did open them to the General Accounting Office, and sources say they found nothing wrong.

JAN SCRUGGS, VIETNAM VETERANS MEMORIAL FUND PRESIDENT: I feel very relieved, you know--certainly individually--because this has been--has put me under a great deal of pressure and strain, and it feels very good to see things righted.

SPIROPOULOUS: The reports about the memorial were filed by Carlton Sherwood. He no longer works at Channel 9. Scruggs charges Sherwood maliciously attacked the fund because he doesn't like the memorial's controversial design, or the fact that it was designed by an Oriental.

What Sherwood never told his viewers is the fund had been regularly and satisfactorily audited by a major accounting firm. That fact was never broadcast, though the audits were

brought to the attention of WDVM's news management. Sherwood's reports also never mentioned that the fund passed muster during an IRS investigation.

With Sherwood now gone, follow-up reports have been assigned to Kent Jarrell, and the fund says his reports are objective. Last week, Jarrell told me that when he looked at Sherwood's evidence against the fund, he found nothing.

Now, the GAO, in a preliminary report, has found nothing wrong. Still, WDVM News Director, Dave Pierce, told News Seven today that he, quote, still feels comfortable with the story he aired, unquote. David?

SCHOUMACHER: John, thank you.

**VIETNAM
VETERANS
MEMORIAL
FUND**

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December 21, 1983

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Station WDVN-TV
 4001 Brandywine Street, N.W.
 Washington, D.C. 20016

Dear [REDACTED]:

Enclosed is a memorandum responding to the WDVN-TV series, Vietnam Memorial: A Broken Promise, which ran on Channel Nine's 6:00 p.m. and 11:00 p.m. news broadcasts on November 7 through 10, 1983.

This series, by [REDACTED], contained significant libelous material and did serious damage to the Vietnam Veterans Memorial Fund ("VVMF") and its officers and directors. It was presented by a reporter who has demonstrated repeatedly an intense bias against VVMF. In addition to being defamatory, it constituted a personal attack relating to a controversial issue of public importance on the honesty, character and integrity of VVMF and its leaders. The evidence shows that it was done with actual malice.

Among the falsehoods and distortions propagated by the series are the following:

- Failure to disclose VVMF's extensive and favorable audits;
- False claims that the Memorial is complete;
- Gross distortion of VVMF's book-keeping and disbursements;

[REDACTED]
December 21, 1983
Page Two

- False statements regarding actual cost of the Memorial;
- Serious misstatements of fact concerning the Independent Audit Committee;
- False report that VVMF failed to meet Better Business Bureau standards;
- Deceitful claim of a "broken promise" to contribute to a Boston veterans memorial;
- Misrepresentation of facts concerning the New Mexico Chapel;
- False claim that VVMF turned down a \$1 million grant to avoid an audit;
- Misrepresentation of [REDACTED]'s relationship with VVMF;
- False statements regarding fundraising expenses;
- Deceitful charge that VVMF misled Congress;
- Inaccurate report regarding consulting fees;
- Misleading personal attack against VVMF Chairman, John P. Wheeler;
- Failure to disclose that [REDACTED]'s key witnesses are long-standing opponents of the Memorial.

VVMF is determined to obtain redress for these wrongs. The manner in which that is accomplished will depend on WDVN-TV's response to this letter. We are prepared to meet with you.

Very truly yours,

[REDACTED]

[REDACTED]'S SERIES ON THE VIETNAM MEMORIAL:
A MISCARRIAGE OF INVESTIGATIVE JOURNALISM

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[REDACTED] S SERIES ON THE VIETNAM MEMORIAL:
A MISCARRIAGE OF INVESTIGATIVE JOURNALISM

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I. INTRODUCTION -- THE NEED TO SET THE RECORD STRAIGHT

The purpose of this memorandum is to rebut the falsehoods and distortions propagated by the television series, Vietnam Memorial: A Broken Promise. This series was prepared and presented by [REDACTED] on WDVM-TV, Channel 9, on November 7, 8, 9 and 10, 1983. In it, [REDACTED] grossly misrepresented the financial affairs of the Vietnam Veterans Memorial Fund ("VVMF"), made many significant, factual errors, and routinely engaged in innuendo and half-truths for the purpose of inflicting maximum possible injury on VVMF, certain of its officers and directors and the Memorial itself.

After setting forth the falsehoods, distortions and calculated half-truths, the memorandum provides the explanation for the low level of this journalism: [REDACTED] harbors and has exhibited an intense bias against the work of VVMF and at least two persons who made the Memorial a reality. Moreover, he enlisted in his vilification effort certain intensely biased interviewees, without telling the TV audience that they, too, had been outspoken opponents of the work of VVMF.

It may come as a surprise to those who watched the series that WDVM-TV News [REDACTED] has admitted that "[w]e're not intimating anywhere in the story that they put any money in their pockets." (The Washington Post, p. D.2,

11/8/83) Since the station concedes that it has no evidence of fraud or illegality, what then compelled [] to devote the extensive time and effort to produce this TV attack? []

[], [], provided the answer as well as anyone can:

The only way to resolve the issue once and for all, however, appears to be through congressional action. It may take time, but time is now less of a problem It would seem a small matter to ensure that the permanent flag and statue are placed properly, since they will always be there. Although VVMF probably is satisfied with the current situation, they might well remember: It won't be over until both sides say it is.

("Background to Betrayal," Copulos, Soldier of Fortune Magazine, May, 1983, p. 88) In short, the TV series was, in our view, part of a continuing effort by those who abhor the product of VVMF's work to prompt congressional action that could ultimately lead to modification of the Memorial design.

[]'s series has hurt VVMF and its officers, directors, volunteers and contributors. It did so with intent and actual malice. It reflected a preconceived thesis. But far more significantly, this unfair presentation has damaged the Memorial itself and the millions of veterans, living and deceased, whom the Memorial honors. In the end, it is the Memorial, the veterans and their families who are the real casualties of []'s malicious and abusive journalism. We cannot permit this reckless travesty to go unanswered. This memorandum is a

partial fulfillment of our moral, ethical and legal duty to set the record straight.

II. THE VIETNAM VETERANS MEMORIAL FUND

VVMF was founded to erect a permanent national memorial to approximately 2.7 million American veterans, living and deceased, who served their country in the Vietnam War. It is a private, charitable organization incorporated in April, 1979 under the provisions of the District of Columbia Nonprofit Corporation Act and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Currently, VVMF has a salaried staff of four, headed by

a veteran wounded in

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the Vietnam War. The Board of Directors consists of seven veterans who, without compensation, have devoted thousands of hours to the project. An Independent Audit Committee comprised of distinguished citizens has provided guidance on financial and audit matters.

After the President signed into law on July 1, 1980 an authority to build a memorial on the Mall honoring Vietnam veterans, VVMF sponsored the largest design competition ever conducted in the United States or Europe. From approximately 1,420 design entries submitted, the competition jury unanimously selected the design of Maya Ying Lin, a Yale University undergraduate student. From that moment on, a small group of intense and persistent critics have attacked the designer, her design,

the Memorial, and VVMF. Members of this same core group that led this attack have now become the central "witnesses" [redacted] chose to use in his series on VVMF's finances.

Despite the concerted efforts of these antagonists to reverse the results of the design competition, to halt ground-breaking, to block construction, and to scuttle the National Salute to Veterans, the VVMF pressed on. It conducted a successful fundraising campaign in which several hundred thousand persons, veterans organizations, corporations, unions, foundations and community groups participated. No government funds were involved. The Memorial is now near completion. The VVMF expects to close its doors in 1984 following the statue installation and acceptance of the Memorial by the National Park Service.

III. REBUTTAL [redacted]

1. [redacted] Intentionally Misled The Viewing Audience By Failing To Tell It That VVMF Had Been Audited Extensively And That VVMF Had Voluntarily Supplied [redacted] With Copies Of VVMF's Audits.

VVMF, acting through [redacted], furnished [redacted] with copies of the following materials: (1) VVMF financial statements and audit reports prepared by Peat, Marwick, Mitchell & Co. for each of VVMF's fiscal years (1980-1983); and (2) reports prepared by Peat, Marwick, Mitchell & Co. on VVMF's accounting procedures and on VVMF's internal accounting controls.

[redacted] did not disclose the results of these audits and the favorable conclusions of the auditors because that would

undermine the plain intent of []'s effort -- to disparage the credibility of VVMF. Accordingly, [] chose to conceal these facts from the viewer. He also failed to disclose to the viewing audience that VVMF had been audited extensively by the IRS and that the results of that audit were satisfactory, as well. Finally, [] failed to disclose that VVMF's books and records were, and are, open to any member of the Independent Audit Committee and to the appropriate governmental agencies.

Instead of acknowledging that VVMF voluntarily supplied him with these audit reports, [] dissembled by referring obliquely to "financial records obtained by Eyewitness News" (Sherwood Series, 11-7-83, Tr. p. 1; see also 11-7-83, Tr. p. 3),^{*/} thereby insinuating that they were obtained against VVMF's wishes through his own investigative skills. This innuendo was furthered by []'s publication of statements from [] stating that "nobody can look at the money" (Sherwood Series, 11-9-83, Tr. p. 2); from [] asserting that "[t]he only thing we asked for was to look at their books" (Sherwood Series, 11-9-83, Tr. p. 2); and from [] inquiring "why not show the books?" (Sherwood Series, 11-9-83, Tr. p. 3). []'s obvious purpose was to create the impression of a financially irresponsible and secretive

^{*/} "Sherwood Series Tr." refers to the transcript prepared by the Radio-TV Monitoring Service, Inc. of WDVN-TV's "Eyewitness News," November 7, 8, 9 and 10, 1983.

organization which had permitted absolutely no one to review its books and records.

In order to set the record straight, the following is a list of the audits performed upon VVMF's books and records:

- Peat, Marwick, Mitchell & Co. audit as of March 31, 1980
- Peat, Marwick, Mitchell & Co. audit as of March 31, 1981
- Peat, Marwick, Mitchell & Co. audit as of March 31, 1982
- Peat, Marwick, Mitchell & Co. audit as of March 31, 1983
- Peat, Marwick, Mitchell & Co. audit of VVMF's accounting procedures, dated September 10, 1982
- Peat, Marwick, Mitchell & Co. review of VVMF disbursements of over \$500, dated November 2, 1982
- Peat, Marwick, Mitchell & Co. review of VVMF disbursements in any amount to officers, directors and employees of VVMF dated November 2, 1982
- Peat, Marwick, Mitchell & Co. evaluation of VVMF's system of internal auditing controls, dated November 2, 1982
- IRS audit of VVMF's activities and financial records for 1980, 1981 and 1982, concluding with the issuance of a letter dated February 4, 1983, accepting all tax returns as filed and continuing VVMF's tax exempt status
- Internal audit to insure against conflicts of interest, completed April 28, 1983
- Certification by each officer and director that the disbursement schedules identified above contain no improper,

unauthorized or inaccurate entries and that no disbursement requires further examination, completed April 28, 1983.

2. [] Falsely Asserted That The Construction Of The Memorial Is Complete.

[]'s television series fundamentally misled the viewing audience by asserting falsely that the Memorial project has been completed. (Sherwood Series, 11-7-83, Tr. p. 1; 11-8-83, Tr. pp. 1, 3, 4, 8; 11-9-83, Tr. p. 1) [] consistently failed to inform the viewer that significant expenditures are still being incurred by the Memorial Fund in order to complete the Memorial. [] thereby created the false impression that the 2 million dollars in the VVMF bank account as of March 31, 1983 was surplus.

For example, [] stated that "less than a third of all funds raised to build the Memorial were actually spent on the Memorial itself" (Sherwood Series, 11-8-83, Tr. p. 8), and "less than one-third of the \$9 million raised . . . was used for that purpose" (Sherwood Series, 11-9-93, Tr. p. 1). He also stated that "months after the Memorial had been paid for and dedicated, the audits show, the Memorial Fund had more than two million dollars in cash reserves, surplus funds which, according to the corporation's Internal Revenue Service application, should have gone to other non-profit, charitable veterans' groups" (Sherwood Series, 11-10-83, Tr. p. 4)

In fact, the Memorial will not be completed until the statue of three servicemen is installed. The target date is

Veterans Day, 1984. In the interim, more than 1 million dollars of the remaining 2 million dollars is earmarked for the continuing tasks at the Memorial site: adding names; landscaping; resodding; creating and widening the stone pathways; installing granite insets; fabricating light fixtures; and constructing 70 concrete pads to support the installation of a sophisticated lighting system specially designed to accommodate evening visits to the Memorial. The work remaining also includes: placing a concrete footing for the statue; planting additional trees and shrubs to enhance the backdrop of the statue; and bronze casting and installing five permanent name locators to assist visitors. Finally, VVMF must continue to make progress payments to Fredrick Hart for the sculpture of the three soldiers and to the foundry that will cast and install it.

[] knew the Memorial was not complete and that significant expenditures were ongoing. [] told him this during the interview. In fact, [] used a large chart during the interview that itemized the work still to be done at the site. [] ignored this information and set out to deceive.

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3. [] Intentionally And Wrongfully Suggested That VVMF Could Not Account For Six Million Dollars.

Perhaps the clearest example of []'s use of vicious innuendo is the question he asked:

[The VVMF] collected at least nine million dollars yet spent less than a third of those contributions for construction of the Memorial itself. So where did the remaining six million dollars go?

(Sherwood Series, 11-7-83, Tr. p. 1) [] knew the answer but he was not interested in sharing it with the public. Instead, he was interested in leaving the strong, negative inference that six million dollars disappeared through either foul play or reckless disregard of VVMF's fiduciary obligations.

Evidence that [] actually did mislead the viewers is demonstrated in the conclusion drawn by [] following []'s sinister suggestion: "Apparently there's six million dollars that seems to be surplus" (Transcript of Press Conference, Rep. Tom Ridge, WDVM-TV, November 8, 1983, 6:00 P.M. EST)

[] examined the four Peat, Marwick, Mitchell & Co. audit reports. Had he been interested in reporting the truth, he would have been able to derive the following answer to his own question:

Vietnam Veterans Memorial Fund, Inc.
Statement of Sources and Uses of Funds
for the Period April 29, 1979 (Date of
Inception) through March 31, 1983

Sources of Revenue:

| | |
|--|--------------------|
| Contributions | \$8,279,643 |
| Investment Income | 490,578 |
| Other Program Income | <u>233,350</u> |
| Total Sources of Revenue | 9,003,571 |
| Fundraising Costs | <u>(2,127,988)</u> |
| Net Sources of Funds for Memorial Development and Operations | <u>6,875,583</u> |

Use of Funds:

| | |
|--|---------------------|
| Memorial Development and Program Costs | 3,909,714 |
| Furniture and Equipment | 17,680 |
| Fund Administration | <u>973,537</u> |
| Net Uses of Funds for Memorial Development and Operations | <u>4,900,931</u> |
| Reserve for Memorial Completion | <u>\$ 1,974,652</u> |

Had [] wished to compile a more detailed breakdown of expenditures, [] could have obtained precise figures for the following items, merely by combining the four audit reports which VVMF gave him: salaries; employee benefits; promotional costs; rent; professional services; telephone; postage; delivery; supplies; printing; license fees; travel and entertainment; contract labor; bookkeeping taxes; depreciation; and equipment rental. He also could have obtained from these same audit reports a detailed breakdown of expenses relative to the National Salute, program expenditures, and fundraising.

In short [] had the full explanation in his possession for the disposition of the six million dollars, but [] simply did not want the public to know the truth when it stood in the way of his innuendos.

4. [] Deceived The Public By Claiming
Reportedly That The Memorial's Cost Was
2.6 million Dollars.

The cost of the Memorial itself far exceeds 2.6 million dollars. [] was informed that, inasmuch as the Memorial is

still under construction and bids are still being received for remaining work, it was not yet possible to state a firm, final cost. But VVMF's current estimate already exceeds 4 million dollars. The final cost will likely approach 4.5 million dollars. This cost includes the site selection study, the hard costs of construction paid through the Gilbane Construction Company and related contracts independent of Gilbane: data processing and typesetting for the Memorial name layout; concrete testing; engineering consultation; architecture; landscape architecture; site maintenance; addition of new names to the walls; and the development of the sculpture. Moreover, this estimate does not address VVMF's long-term needs, including establishment of a fund to replace granite panels and to repair the sculpture if damage to the Memorial occurs in the future.

The estimate of 4.5 million dollars relates just to construction, including design, site preparation and maintenance. Other substantial costs incurred by VVMF and associated with the Memorial were just as critical. Since the Memorial was not funded by the government, VVMF had to raise all needed money. The cost of fundraising exceeded 2 million dollars, but still amounted to less than 26% of the total raised. Much of the fundraising was accomplished through direct mail solicitation. This is an expensive means of raising funds, but it was employed in this case because of the difficulty of raising monies for a "Vietnam-related" project, the need to educate the public and the necessity of establishing a financial base for a new organization

which started with no assets. Direct mail fundraising was the only way to encourage nationwide, grass-roots participation.

There were also administrative costs entailed in operating the VVMF for four years. These included office space and supplies for a full-time staff (now, two professionals, one administrative aide and one secretary) and necessary costs associated with other professional assistance. Significant costs were incurred, as well, in steering the project through the necessary government-approval agencies, including the Department of Interior, the Fine Arts Commission and the National Capital Planning Commission.

In addition, VVMF hosted the historic National Salute to Vietnam Veterans last year that brought tens of thousands of Vietnam veterans to Washington for five days of unit reunions, the vigil of names at the National Cathedral, a parade, the dedication ceremony and other activities. Although [redacted] criticized the expenditures associated with the National Salute (Sherwood Series, 11-7-83, Tr. p.3), the VVMF is proud of it. The cost incurred was fully justified by the honor paid to those who participated and to those who are named on the walls of granite.

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5. [redacted] Misrepresented Facts Concerning The
Operation Of The VVMF Independent Audit Committee.

The VVMF Independent Audit Committee was formed in the spring of 1982 to provide advice on auditing and financial management matters and to deal with demands of [redacted] to

audit VVMF's books and records. The members of the Committee included: [redacted], former [redacted]

[redacted] and currently [redacted]

[redacted]; [redacted], [redacted]

[redacted]; [redacted], [redacted]; [redacted]

[redacted], [redacted], [redacted]

[redacted]; [redacted], [redacted];

[redacted], [redacted]

[redacted]; [redacted], [redacted]; and [redacted],

[redacted], [redacted]

[redacted] falsely reported that the Independent Audit Committee never met. (Sherwood Series, 11-9-83, Tr. p. 2). In fact, the Committee met formally via telephone on April 29, 1983, specifically to consider [redacted]'s audit demands. (See Section III-10 of this memorandum.) The Independent Audit Committee voted 4-0 to reject [redacted]'s demands and to inform [redacted] that adequate auditing had already been accomplished. Two additional Committee members, who were unavailable at the time of the meeting, subsequently endorsed this vote. (See Minutes of the April 29, 1983 meeting of the Independent Audit Committee and the memorandum of [redacted], distributing the minutes to Committee members.) In addition, several meetings were held in person among members of the Independent Audit Committee and one or more VVMF officers and directors.

[redacted] further reported that [redacted]

[redacted], had had no contact with VVMF

since January, 1983. (Sherwood Series, 11-9-83, Tr. p. 2) In fact, [] conducted the April 29, 1983 meeting, and signed the minutes of that meeting. [] has always been in close touch with VVMF. He spoke at VVMF's 1983 Memorial Day Ceremony and still serves as Chairman of the Independent Audit Committee.

6. [] Misled The TV Audience Regarding
The Better Business Bureau Standards

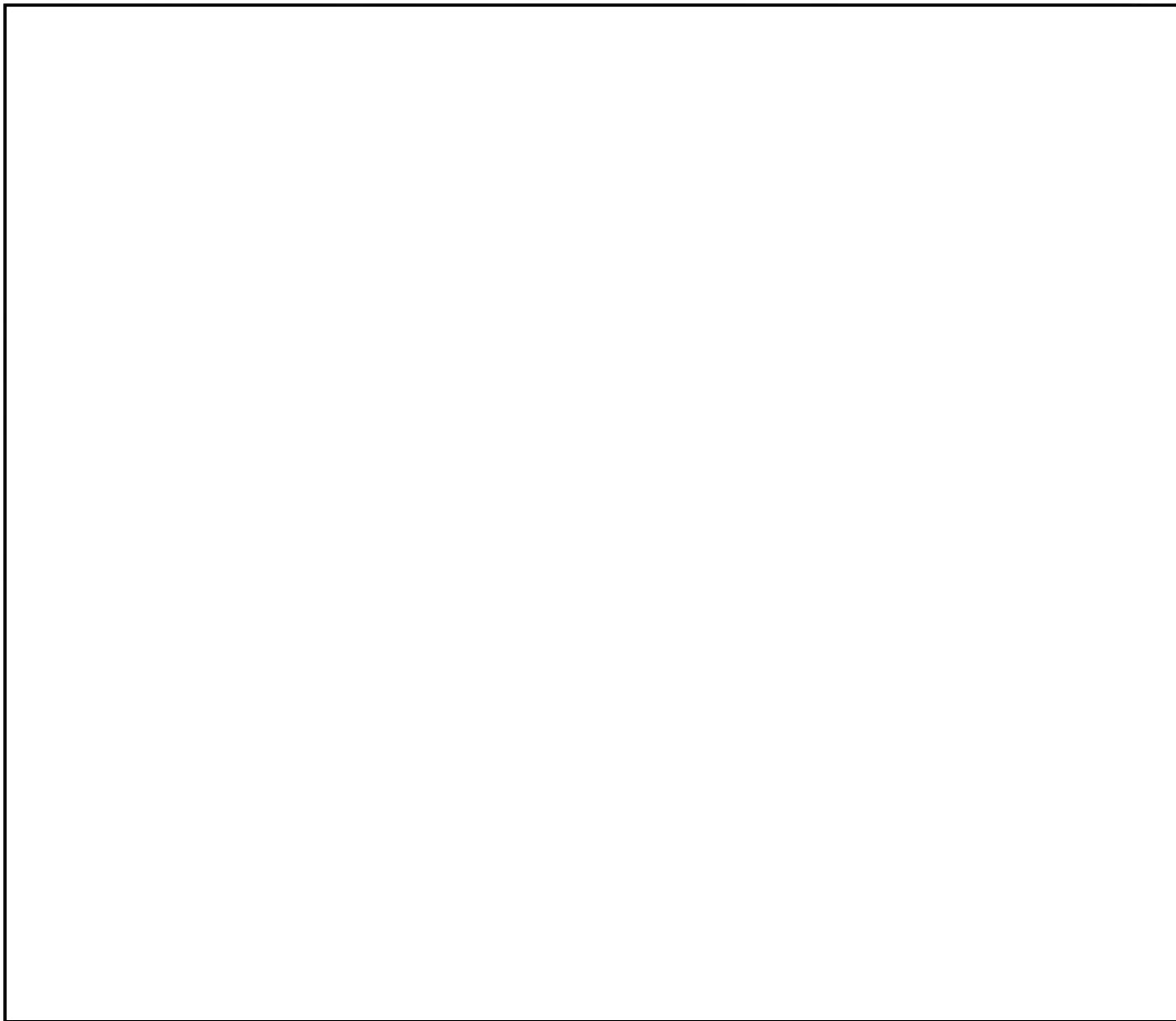
[] reported that VVMF did not meet three Better Business Bureau ("BBB") standards. (Sherwood Series, 11-7-83, Tr. p. 4) [] failed to report, however, that this was merely a preliminary finding of BBB and, indeed, VVMF had not had an opportunity to respond to BBB's late October letters requesting further information.

In fact, contrary to []'s report, VVMF was in compliance with all BBB standards at the time [] interviewed BBB's representative and at the time he presented the TV series. By letter dated December 2, 1983, BBB stated that "we are pleased to report VVMF's compliance with the standards addressing control over disbursements and substantiation of the application of funds to programs" The letter went on to state, "This information [supplied by VVMF] enables us to report VVMF's full compliance with the CBBB Standards for Charitable Solicitations." (See letter of [] to [] [], December 2, 1983.) In the television series, [] neglected to take into account VVMF construction costs

in computing the percentage of revenues devoted to "programs."
(See pp. 25-26 of this memorandum).

Once again, [] withheld vital information from the TV audience in order to paint a misleading picture of VVMF's financial management.

7. [] Deceived The TV Audience When He Asserted That VVMF Promised To Provide Assistance To [] And Later Broke That Promise.

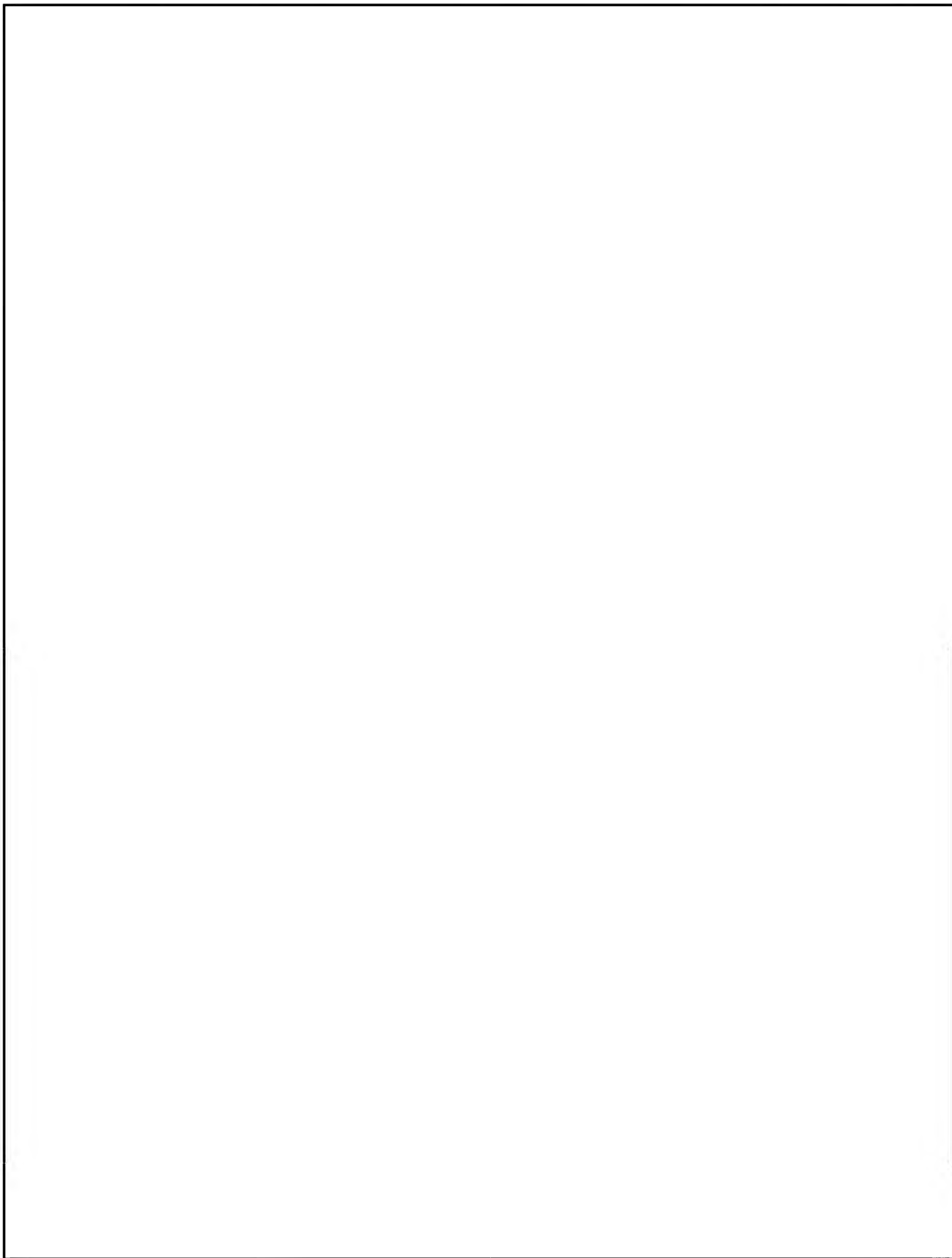


8. Misrepresented The Facts And
Circumstances Surrounding VVMF's Plans To
Contribute To The New Mexico Chapel.



b6
b7c

b6
b7C



b6
b7C

9. [] Dissembled When He Stated That VVMF Turned Down A One Million Dollar Grant From The DAV In Order To Avoid An Audit Of VVMF's Books.

[]'s assertion that the VVMF turned down a one million dollar grant from the DAV in order to avoid an audit of VVMF's books is one of the most malicious and harmful falsehoods

in the entire series. (Sherwood Series, 11-7-83, Tr. pp. 2-3; 11-9-83, Tr. pp. 2-3) DAV officials have strongly and repeatedly denied it. Although DAV has understandably sought to avoid publicly embroiling itself in this controversy, it has shown no reluctance to set the record straight privately, to deny that

[redacted], had authority to speak on behalf of DAV, and to verify that what [redacted] said is false.

[redacted]

The facts are as follows: In the summer of 1981, VVMF had a series of meetings with DAV to request financial assistance. DAV was generally supportive and indicated a willingness to assist in VVMF's fundraising. VVMF furnished DAV with fundraising information and financial reports. [redacted], who was in charge of VVMF fundraising, gave the DAV representative a full briefing. DAV, however, requested additional information that was not then available -- the precise construction cost of the Memorial. Although VVMF had contracted with a construction management firm, the required data relating to construction costs did not become available until January, 1982. The delays in compiling this information were primarily due to uncertainties inherent in the project, such as the cost of engraving more than 57,000 names on the granite slabs. This task involved a new artistic process and unprecedented technical problems. Moreover, solicitation of bids on this task did not commence until December 22, 1981.

When VVMF finally had preliminary construction figures available, fundraising efforts had progressed beyond expectation and were nearly at an end. There was, therefore, no need to request further fundraising assistance from DAV. Moreover, DAV had made it clear to VVMF at the outset that it would only consider a contribution if and when VVMF truly needed it to complete the Memorial. By January, 1982 it was apparent that VVMF would soon reach its goal through its own continuing fundraising efforts.

The issue of a DAV audit of VVMF's records was never raised during the meetings with DAV in 1981. Contrary to Sherwood's assertion, the DAV never asked permission to perform such an audit; VVMF never denied such a request from the DAV. This is another Sherwood deception.

10. [] Misrepresented []'s Involvement
In VVMF'S Affairs And The Nature Of []'s Demands
For An Audit.
-

11. Misrepresented VVMF's Record
 In Direct Mail Fundraising.

 asserted that VVMF, in its direct mail campaign, spent one dollar to make one dollar. (Sherwood Series, 11-8-83, Tr. p. 5) This charge of waste is false. VVMF netted

over 1 million dollars on direct mail. These funds were critical to the early growth and development of VVMF. Moreover, success in direct mail, and the general awareness which resulted from that effort, put the VVMF in a position to make a successful appeal to corporations, Veterans organizations and other sources of contributions.

[] further misled the TV audience by suggesting that overall fundraising costs exceeded 60% of total contributions. (Sherwood Series, 11-8-83 Tr. p. 5) [] had reviewed the Report to Congress and knew, or should have known, that the 60% figure was inaccurate. VVMF's fundraising costs were 2.1 million dollars -- 25.8% of the total contributions. This performance easily meets the Better Business Bureau standard that, on an annual basis, fundraising costs should not exceed 35% of amounts contributed.

12. [] Misled The Viewing Public By
Falsely Alleging That VVMF's Report To
Congress Contained Misstatements Of Fact.

During the broadcast of November 8, 1983, [] [] alleged that the VVMF Report to Congress contained several misstatements of fact. (Sherwood Series, 11-8-83, Tr. pp 4-5) Each allegation he raised to support this charge is false.

First, [] alleged that the figure for Memorial development cost contained in the VVMF Report to Congress was inconsistent with the amount represented by []:

"[m]emorial development cost, according to the Report, suddenly skyrocketed to nearly five million dollars, that compared with 2.6 million dollars, which [] admitted to previously." (Sherwood Series, 11-8-83, Tr. p. 4)

But the Report to Congress stated that VVMF, at that time, had spent only \$3,909,714 -- not "nearly five million dollars" -- for development and program costs combined. []'s statement is completely consistent with the amount stated in VVMF's Report.

[]'s baseless allegation stems from his own misreading of the clear words of the Report to Congress. He apparently cited as the cost of construction the sum of all funds expended, including some plainly identified in the Report as spent on "Furniture and Equipment Acquisitions" and on "Fund Administration." While [] acknowledged his mistake, and issued a retraction, during the November 9, 1983 broadcast, he gave an inadequate and disingenuous explanation for his mistake, refusing to acknowledge full responsibility for the error. Thus, he stated that the allegation of discrepancy "was a result of [VVMF's] including other costs [in] their report to Congress. . . ." (Sherwood Series, 11-9-83, Tr. p. 4) This alleged lack of clarity in the Report is unfounded, since it presents the relevant figures separately and clearly.

Second, [] alleged that the amount of collected funds set forth in the Report to Congress was inconsistent with

the amount identified in VVMF's audit report. Specifically, he alleged that the Report to Congress had indicated 6.8 million dollars raised, whereas the audit report indicated 9 million dollars. (Sherwood Series, 11-8-83, Tr. p. 4). In fact, there is no such discrepancy. The Report to Congress plainly shows the gross sources of funds, the cost of fundraising, and net funds of approximately 6.8 million dollars. These figures are completely consistent with VVMF's audit report. In his November 9, 1983 broadcast, Sherwood acknowledged that he had erred and that this allegation was baseless. Yet, again, he failed clearly to explain the reason for his mistake. He claimed that "confusion resulted over the use of the word gross and net amounts in the different reports." (Sherwood Series, 11-9-83, Tr. p. 4) The confusion, however, was []'s. VVMF doubts that []'s "confusion" was unintentional.

Third, and most importantly, [] challenged as "the most misleading information in the Report" the statement that VVMF expenses had satisfied the cost-benefit standards set by the Better Business Bureau ("BBB"). (Sherwood Series, 11-8-83, Tr. p. 4). But it should have been clear to [] from the documents he reviewed that this statement is true.

[] first contended that the VVMF failed to meet BBB standards because the ratio of fundraising expenses to contributions was about 1 to 1, while the BBB standard calls for a ratio of .35 to 1. (Sherwood Series, 11-8-83, Tr. p. 5) Yet the

BBB standard was clearly set forth in VVMF's own Report, and, as that Report clearly indicated, the ratio of fundraising costs to total contributions made was well below the 35% guideline. VVMF has not represented in its Report to Congress, or anywhere else, that fundraising costs constituted less than 35% of funds that can be indisputably attributed to direct mail efforts. There is, therefore, no basis for []'s allegation that the Report to Congress is misleading.

[] also charged that VVMF failed to meet BBB standards because it did not spend 50% of its total income on programs. (Sherwood Series, 11-8-83, Tr. p. 4) It is true, as the audit reports available to [] make clear, that the National Salute and Programs, listed as fiscal year 1983 expenses, by themselves do represent an expenditure of 48% of VVMF's total fiscal year income. But this computation does not include the amount spent during that year on construction of the Memorial -- an amount clearly and separately identified in the audit report. When this amount is taken into account, as BBB acknowledges it must be, VVMF spent in fiscal year 1983 253.35% of its total fiscal year income on programs, a figure which exceeds the BBB guidelines by a factor of 5. Thus, in fiscal year 1983, VVMF spent on programs more than two-and-one-half times the amount it raised in fiscal year 1983. This is so because of the heavy construction costs incurred then.

In sum, each of the allegations [] made about misleading statements in the Report to Congress is, itself, misleading or unfounded and is yet another example of []'s bias and distortion.

13. [] Falsely Reported That VVMF Offered
[]

14. [] Engaged In A Vindictive, Personal Attack Upon VVMF Chairman John Wheeler.

Following through on a threat to "get" and "nail" VVMF Board Chairman, John Wheeler (see pp. 35-36 of this memorandum), [] engaged in a personal attack against Wheeler that had

nothing to do with the subject matter of his TV series and was intended solely to injure Mr. Wheeler's reputation and to damage VVMF. []'s attack consisted of a substantially incomplete and misleading report about an incident that occurred 14 years ago. []'s report was based on military personnel records apparently obtained in violation of the Privacy Act, 5 USC § 552(a).

[] reported that John Wheeler "became the subject of disciplinary action for misappropriation of government property"; that he was "cited for conduct totally unbecoming an officer"; that "in 1971, with the Vietnam War at its height, he resigned his commission from the Army"; and that "as Chairman of the Memorial Fund, he can authorize expenditures up to \$5,000.00." (Sherwood Series, 11-8-83, Tr. p. 1)

With defamatory innuendo, [] led the average viewer to believe that John Wheeler stole government property, resigned from the Army because of it, and is now stealing VVMF assets.

The facts are these: In 1969, shortly after he arrived in Vietnam, Wheeler was reprimanded administratively for using a jeep for official business that was not assigned to his unit's motor pool. Wheeler was unaware that the jeep in question was not part of his motor pool. Afterwards, his duties and assignment in Vietnam remained unchanged. His performance in Vietnam was exemplary, and, at the completion of his tour, he was recommended for a sensitive staff assignment at the Pentagon. He resigned from the

Army in 1971, after service at the Pentagon. He received an honorable discharge. His resignation had nothing to do with his Vietnam service. In fact, his military superiors urged him to remain in the Army and, upon his departure, he received the Joint Service Commendation Medal.

[]'s handling of this matter is actionable. It is consistent with his handling of the entire series. It proves actual malice both in the legal and personal sense.

15. [] To Disclose That []
Each Of The Key Critics Who Appeared In The
Series Have Been Vigorous Opponents Of The
Work Of The Memorial Fund.

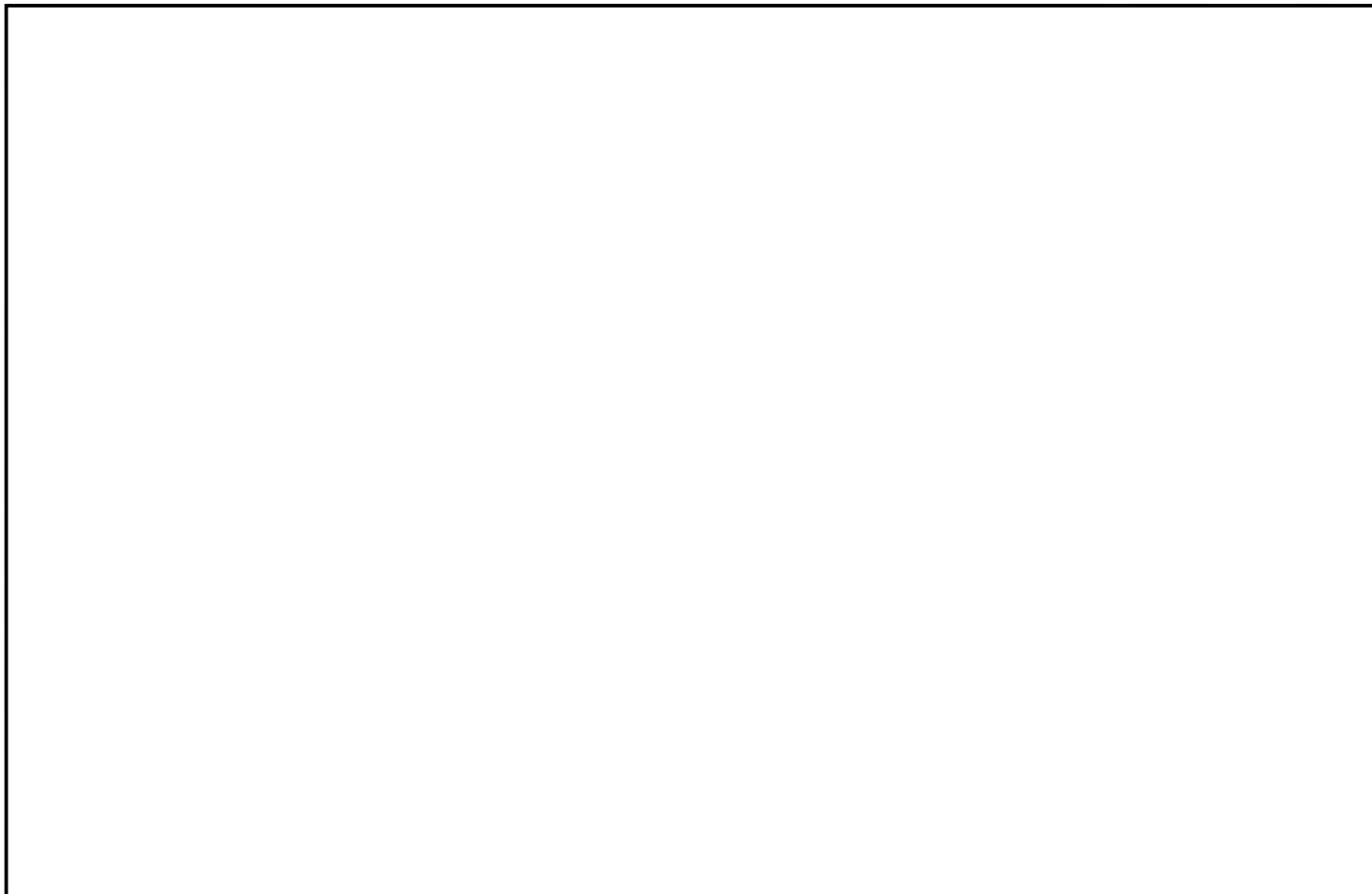
[]'s series relies heavily on statements made by opponents of the Memorial, []. But the series withheld from the viewing audience the fact that [] and each of the chief witnesses he assembled to prosecute VVMF had been long-standing, bitter enemies of VVMF.

It is ironic, in light of the fact that these individuals are now criticizing the manner in which VVMF expended funds, that their efforts to modify the Memorial design have cost VVMF hundreds of thousands of dollars. These costs include a statue which will exceed four hundred thousand dollars, an entrance plaza to house the flagpole and sculpture which has already cost over two hundred thousand dollars, and extensive expenses associated with presentations to government-approval agencies.

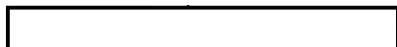
The following discussion documents the bias of [REDACTED]
and those who collaborated with him.

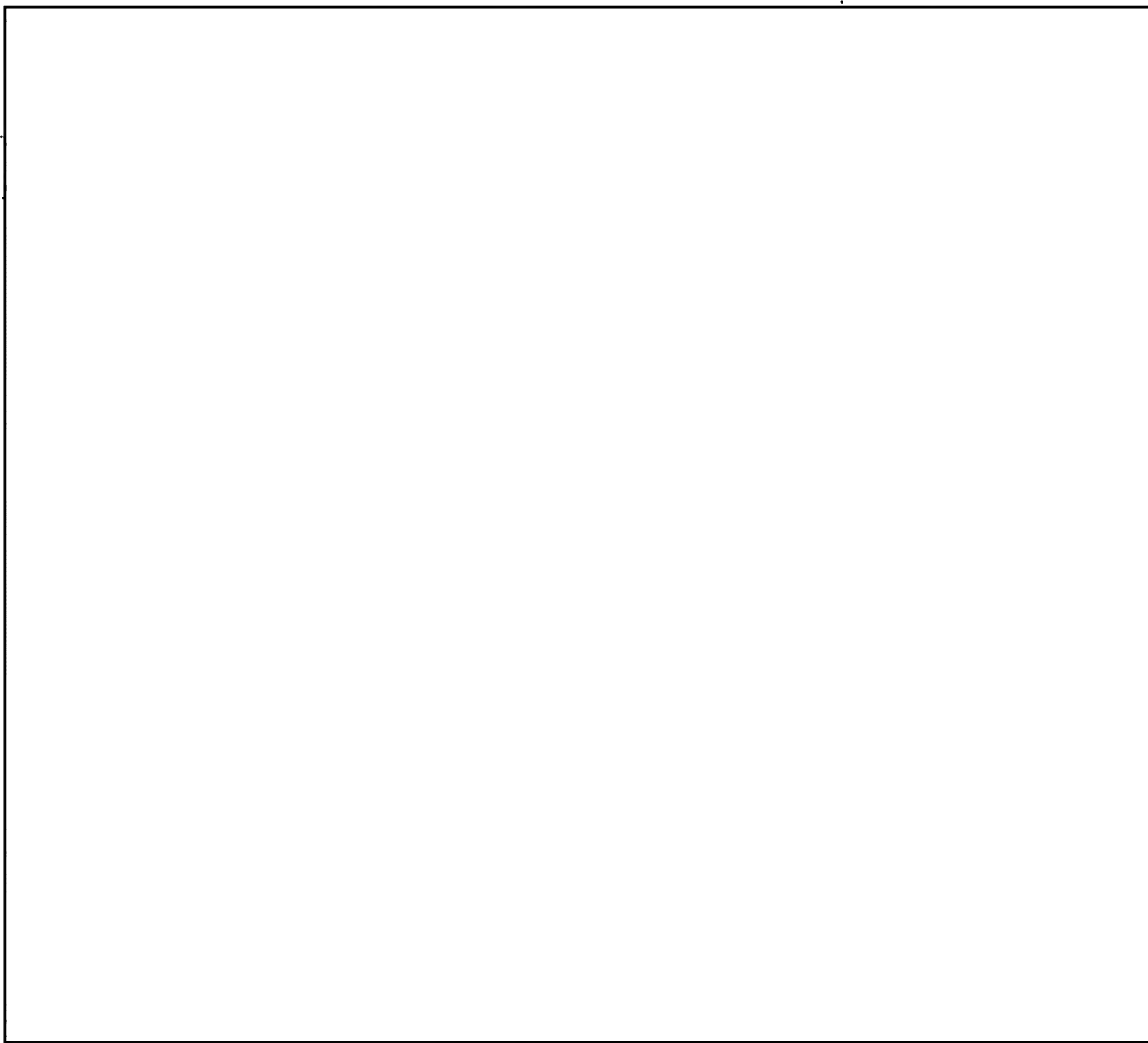
A. [REDACTED]



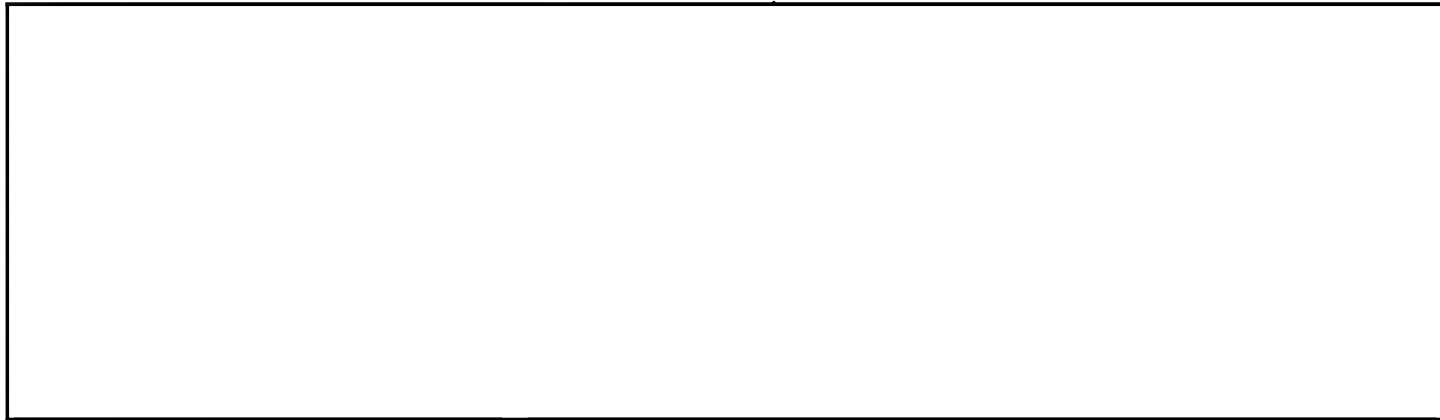
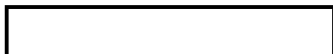


B.



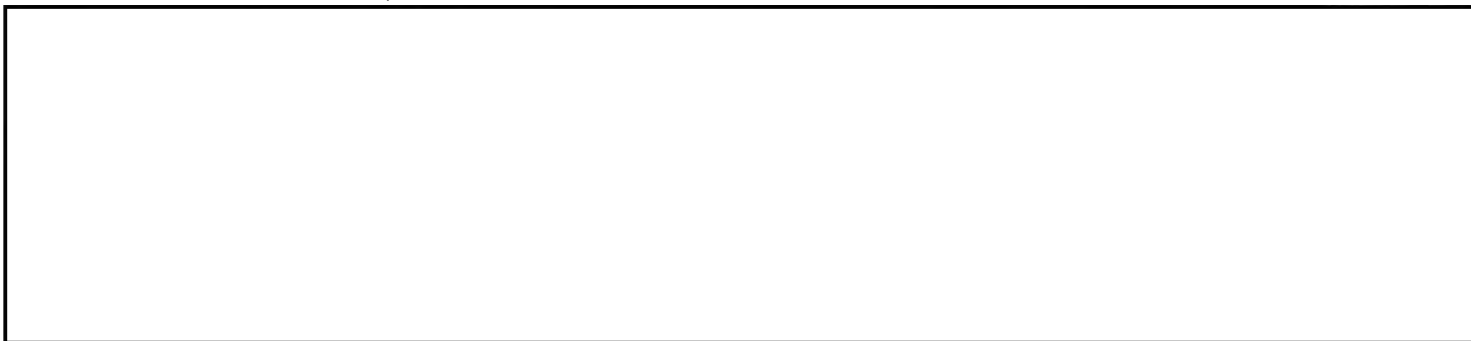


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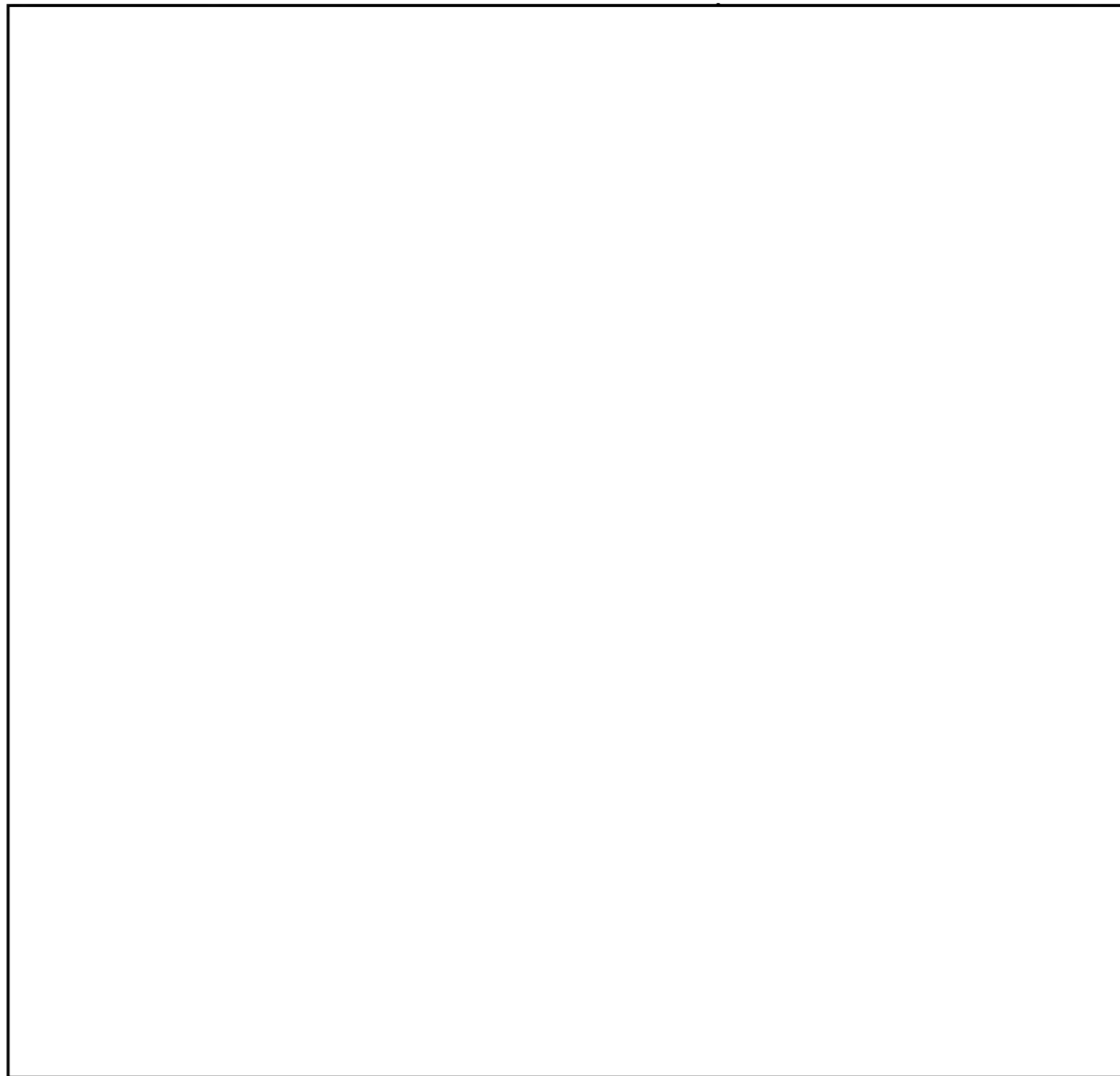


D.





E.



IV. CONCLUSION

The television series presented by [] WDVM-TV []
[], contains significant, libelous material. It has done serious damage to VVMF, its officers, directors and contributors. It has injured the Memorial and those honored there. It has undermined much of the good will created by the Memorial and the National Salute to Veterans. It was presented by a reporter who has repeatedly demonstrated an intense bias against VVMF.

In addition to being defamatory, the series constitutes a personal attack against the honesty, character and integrity of VVMF, John Wheeler, [] and others associated with VVMF. It deals in a disgraceful manner with a controversial issue of public importance. The evidence shows it was done with actual malice. That malice is aggravated by the fact that prior to broadcasting the series, WDVM-TV was put on notice, in writing, of the inaccuracy of several items ultimately contained in the series.

RADIO-TV MONITORING SERVICE, INC.

3406 WISCONSIN AVENUE, N.W.

WASHINGTON, D.C. 20016

244-1901

PROGRAM

EYEWITNESS NEWS

DATE

MON., NOV. 7, 1983

STATION OR NETWORK

WDVM TELEVISION

TIME

6:00 PM

CONTROVERSY OVER THE VIETNAM MEMORIAL

GORDON PETERSON, EYEWITNESS NEWS: Like the Vietnam War itself, the National Memorial honoring the 58,000 men and women who gave their lives in Southeast Asia is no stranger to controversy.

(FILM SHOWN)

Earlier disputes centered on the design itself, a black granite monolith devoid of flags, statues or inscriptions, things we've come to associate with memorials to other wars. Some hailed the simple design as a stroke of genius, while others, mostly Vietnam veterans themselves who had been excluded from the selection process, called it a national disgrace, a final insult.

Eyewitness News investigative reporter Carlton Sherwood has just completed a five month examination of the Vietnam Veterans Memorial Fund. He found that even while those arguments over the design raged on publicly, more intensely serious problems were developing behind closed doors, problems which had nothing to do with esoterics or architecture, but dealt instead with things such as promises made and broken, accountability, and, at the center of it all, money.

CARLTON SHERWOOD, EYEWITNESS NEWS: Financial records obtained by Eyewitness News show that since 1980, the Vietnam Veterans Memorial Fund, a non-profit corporation created to oversee construction and raise funds to complete the memorial, collected at least nine million dollars, yet spent less than a third of those contributions for construction of the memorial itself. So where did the remaining six million dollars go? One place it didn't go was the Peace and Brotherhood Chapel in Eagle's Nest, New Mexico. In 1979, the Memorial Fund promised to give \$100,000.00 to the chapel founder, Dr. Victor Westphall.

Since 1979, you haven't heard or received anything from them in that period of time?

DR. VICTOR WESTPHALL, FOUNDER, MEMORIAL CHAPEL: No, nothing.

SHERWOOD: Another apparent promise to Vietnam veterans involved this memorial in South Boston.

TOM LYONS, MARINE VIETNAM VETERAN: There was no--you know--I doubt in my mind that they were going to come to our aid like the cavalry, but they have left us high and dry like Custer.

SHERWOOD: We'll be talking to Tom Lyons and Dr. Westphall again in subsequent parts of this series. They and other veterans want to know where the Memorial Fund spent more than six million in contributions. When we asked the Memorial Fund to show us, to let us see their books, we were met with this--

JAN SCRUGGS, VIETNAM VETERANS MEMORIAL FUND: We feel that any responsible organization just doesn't open their books to everybody and their brother who comes along.

SHERWOOD: But, as it turned out, others before us, even people who had donated hundreds of thousands of dollars to the memorial had made similar requests.

H.ROSS PEROT, PRESIDENT, TEXAS INSTRUMENTS: A number of veterans called me over the phone and alleged that the money was being misspent. I went to the Vietnam Veterans Memorial Fund, I went to Jan Scruggs privately and quietly and told him that I had received these calls. I suggested to him that I hire a Big Eight accounting firm to do a detailed audit of VVMF's books. VVMF was not willing to allow me to either look at the books personally or have an accounting firm do a detailed audit.

SHERWOOD: Even a veterans organization which wanted to donate to the memorial, but first needed to inspect the corporation's records, was rebuffed.

How much money were they offering to pledge to the memorial fund?

JOHN FALES, MARINE VIETNAM VETERAN: Oh gosh, when the Disabled American Veterans get involved, it's not the money, it's the blood, sweat, tears and it could have been any amount. I would estimate over a million dollars.

SHERWOOD: So essentially, what you're saying is, for a million dollars, the Memorial Fund wouldn't open up their books?

FALES: Well, they haven't given them money, so I guess they haven't shown them the information they requested.

SHERWOOD: While a million dollars couldn't persuade the corporation to disclose how they were spending their funds, Eyewitness News has obtained copies of the organization's internal audit reports. These reports, however, raise even more questions. As of March, 1983, corporation reports show more than two million in surplus funds have been put into investments and used to finance the corporation's continued operations. Costs like this \$200,000.00 in salaries and this \$70,000.00 bill for professional fees. There's a \$45,000.00 tab just for office rent, and a phone bill of over \$11,000.00.

Hundreds of thousands more in contributions were diverted to pay for such things as parade expenses, sale items, knick-knacks and public relations. Even more donations paid the fees of unnamed consultants, in one case \$120,000.00 during a single week period last year, and more than half a million dollars since 1980.

MILT COPULOUS, ARMY VIETNAM VETERAN: They asked me-- explained that salary wasn't important. I have a consulting practice which is a principal source of income. They then offered to hire me as a consultant, and offered me a fairly high rate, \$50.00 an hour, which would be about \$400.00 a day or in excess of \$100,000.00 a year.

JAN SCRUGGS, VIETNAM VETERANS MEM. FUND: If offering people consulting fees to take part in the meetings and so forth, if you don't feel that's right, that's okay. We had to do a job, you know, we did it right, I think.

SHERWOOD: Not so, say the experts. At least not to the extent the Memorial Fund uses its donations.

ARTHUR B. HANSON, MARINE CORPS MEMORIAL: I'm constantly amazed at the desire of people to hustle people, and in my view, any non-profit memorial of any kind that takes more than 25% of its funds for administration, promotion and the like has exceeded the bounds of propriety in this game.

SHERWOOD: Arthur Hanson should know. He headed up the construction of another famous monument to America's war dead: the United States Marine Corps Memorial.

HANSON: If you've been involved in this, you don't need consultants on it, except for a very little bit to make sure that you set your goals properly on what you're trying to raise and so on, and I would think it would be an abuse of the trust that people in this work are involved in to have people paid--

SHERWOOD: Does the Vietnam Veterans Memorial Fund meet minimum B.B.B. standards?

LIZ DOGHERTY, BETTER BUSINESS BUREAU: No they do not. According to our latest evaluation, the Vietnam Veterans Memorial Fund fails to meet three of the B.B.B. standards. One standard calls for a reasonable percentage of public contri--of total income to be spent on program services, and they spent 48% of their total income on programs. We generally look for at least 50% to be spent on programs.

SHERWOOD: So who decides how the Memorial Fund will use its donations? We'll answer that question tomorrow, and show you how corporation officials explain their fund-raising and spending practices.

(END OF FILM)

MAUREEN BUNYAN, EYEWITNESS NEWS: This series will continue throughout the week, and we also have a related story. Investigative reporter Carlton Sherwood was charged this weekend with illegally taping a conversation with John Wheeler, the board chairman of the Vietnam Veterans Memorial Fund. A December 9th trial date has been set in Montgomery County. If found guilty, Sherwood could face up to five years in jail or a \$10,000.00 fine. Kent Jarrell reports.

(FILM SHOWN)

KENT JARRELL, EYEWITNESS NEWS: On Saturday, Sherwood, who is a Pulitzer Prize and Peabody Award winner was released on his own recognizance. On Friday, Sherwood went to Wheeler's Bethesda home to ask him questions for the Vietnam Memorial series. Wheeler initiated the court complaint, charging Sherwood illegally recorded his conversation without his permission. Sherwood says he was wearing this microphone in his tie. It was attached to this transmitter on his belt. A WDVN camera crew was outside the house in a car recording the transmissions, but WDVN says the recording was stopped just after Sherwood entered the house. Moments later, Wheeler noticed the microphone and indicated he did not want to be taped. Sherwood said he put the microphone and the transmitter into his jacket pocket and the jacket was placed in another room by Wheeler for the duration of the interview. The tape used that day was erased and put back into circulation on Friday, because it was deemed unimportant.

John Wheeler would not comment on the case today, saying "it's now a matter before a criminal court". But Wheeler did say "the important thing this week is the memorial. It's beautiful and I hope people visit it". The president of the Vietnam Veterans Memorial Fund has tried to get Sherwood taken off the story.

JAN SCRUGGS, VIETNAM VET. MEMORIAL FUND: We feel that he is biased against the memorial, he has been actively involved since 1981 in the effort against it. At that time, he referred to the young designer, according--from this affidavit as a "gook".

JARRELL: Sherwood has strongly denied those allegations to WDVN news director Dave Pearce who says no illegal action was taken Friday.

DAVE PEARCE, WDVN NEWS DIRECTOR: There was no question in my mind that we violated anything that would bother me in terms of fairness. There was no concealed interview, we didn't walk in with a concealed microphone in an attempt to get him to say something that we could use against him later. There was nothing concealed.

JARRELL: Pearce also says Sherwood went to Wheeler's home as a last resort to try to get Wheeler's side of the story. Memorial Fund officials have also charged that documents in their office disappeared on September 8th when Sherwood was there for an interview. A complaint was filed with D.C. police, but no action was taken, because of insufficient information. I'm Kent Jarrell, Eyewitness News.

(END OF FILM)

GORDON PETERSON: Once again, a reminder. Carlton Sherwood will have part two of his series tomorrow.

The founder and executive director of the Vietnam Veterans of America today told his fellow members they must serve as the conscience of America. Thirty-eight-year-old Robert Muller, a former Marine officer who is confined to a wheelchair because of his wounds says Vietnam veterans must make sure that the nation never forgets that war. Said Muller, "I think we have an obligation to make sure succeeding generations understand there is a lot more to war than political rhetoric". Among the top priorities of the VVA is passage of a bill to provide compensation for illnesses suspected of having been caused by the defoliant Agent Orange.

RADIO-TV MONITORING SERVICE, INC.

3408 WISCONSIN AVENUE, N.W. + WASHINGTON, D.C. 20016 + 244-1901

PROGRAM:

EYEWITNESS NEWS

DATE:

TUES., NOV. 8, 1983

STATION OR NETWORK:

WDVM TELEVISION

TIME:

6:00 PM

"VIETNAM: A BROKEN PROMISE"

GORDON PETERSON, EYEWITNESS NEWS: Tonight on Eyewitness News, investigative reporter Carlton Sherwood continues his report on funding for the Vietnam Veterans Memorial. As Carlton reported last night, the non-profit corporation set up to build the memorial raised nine million dollars. One third of that amount was spent on the actual construction. Tonight, Carlton examines how the contributions were spent, with a look at the man responsible for the funding operation.

(FILM SHOWN)

CARLTON SHERWOOD, EYEWITNESS NEWS: At the helm of the Vietnam Veterans Memorial Fund is this man, John Wheeler. Since 1979, Wheeler has served as the organization's chairman. A West Point, Yale Law School, and Harvard Business School graduate and currently special counsel to the chairman of the Securities and Exchange Commission. Wheeler's commentaries on his war experiences have been published in some of the country's most prestigious newspapers, and he's been one of the nation's leading spokesmen for Vietnam veterans.

Army records show that after Wheeler graduated from West Point in 1966, he asked to be sent not to Vietnam where 10 percent of his classmates gave their lives, but to Harvard, where he earned a master's degree in business. Records also show that he never served in combat, but was assigned to Army Division Headquarters at Long Bend as an administrative officer.

Within several weeks of arriving in Vietnam in 1969, Captain John Wheeler became the subject of disciplinary action for misappropriation of government property. He was cited "for conduct totally unbecoming an officer". In 1971, with the Vietnam War at its height, he resigned his commission from the Army. As the chairman of the Memorial Fund, Wheeler can authorize expenditures up to \$5,000.00. According to the corporation's charter,

he has a responsibility to the fund's day-to-day operations. In the past, Wheeler has been a more than willing spokesman, but when we made repeated requests for interviews, he refused to even come to the phone. Only after we sent several telegrams to his office and home did he respond in this letter, appointing the corporation's president, Jan Scruggs, as the official spokesman. Scruggs, he said, was completely knowledgeable concerning the funds operation and would answer any of our questions.

After three postponed interviews, Scruggs agreed to see us. A little more than halfway through the interview, both Scruggs and his attorney walked out. They had another appointment, they said, and would get back to us later, possibly to continue the interview, but definitely to answer any questions we had.

JAN SCRUGGS, PRES., VIETNAM VETERANS MEMORIAL FUND:
I'll give you a call tomorrow and let you know, okay?

SHERWOOD: Well, you're going to give me a call tomorrow and let me know, but I'll tell you right now, there's about--you know, just so we have this for the record, there's approximately one third of the questions I have to ask that you have not answered, and out of the questions I have asked, okay, there's about a third out of those that you have to supply me--or you say you'll supply me with information on.

SCRUGGS: Sure, sure. We'll do that.

TERRENCE O'DONNELL, MEMORIAL FUND ATTORNEY: We'll get you the answers to the questions he couldn't answer and he's going to let you know about continuing the interview, but he's not going to stay here at six, seven o'clock at night to finish it tonight.

SHERWOOD: That was on September eighth. Since then, Scruggs has refused to answer any questions. As for the questions Scruggs did respond to, simple inquiries like how much has the Memorial Fund raised, it went like this--

SCRUGGS: Well, I guess you've had an opportunity to review our audit reports and so forth, so you should know. How much did we raise?

SHERWOOD: We have your audit figures which show between nine and ten million dollars, depending on how you want to adjust the figures--we'll use your own black and white figures, between nine and ten million dollars--you've raised between nine and ten million dollars.

SCRUGGS: In terms of the net sources of funds for the memorial, we've raised 6.875 million dollars.

SHERWOOD: And in fact, you've raised in excess of nine million dollars to construct that memorial, is that not correct?

SCRUGGS: We've raised not in excess of nine million, now, about nine million.

SHERWOOD: The responses were much the same when we asked how much had been spent on the memorial itself.

SCRUGGS: By our accounting, all the money that the organization has spent has been for the memorial.

SHERWOOD: Okay, how much did you actually pay Gilbane for the memorial?

SCRUGGS: The actual construction cost, yours was about 3.3 million dollars--

SHERWOOD: According to your own records, the construction cost of the memorial is 2.6 million dollars. Is that correct?

SCRUGGS: As of that fiscal year for actual construction, that's right.

SHERWOOD: For 1983?

SCRUGGS: Up to 1983--2.6 million dollars was the cost of the memorial--the actual cost of the construction. It has nothing at all to do with administration or competition or anything else; it was 2.6 million.

SHERWOOD: By your own accounting?

SCRUGGS: That's what it says in the audit report and that's correct.

SHERWOOD: And it's paid for, is it not? The memorial--I'm talking about the memorial itself. Do you have a mortgage or something on it that we're not aware of?

SCRUGGS: A mortgage on the memorial?

SHERWOOD: Um-hmm.

SCRUGGS: The two walls have indeed been paid for, that is correct.

SHERWOOD: Then there is this financial report released to Congress by the Memorial Fund just four days after our interview. Memorial development cost, according to the report, suddenly skyrocketed to nearly five million dollars, that compared with 2.6 million, which Scruggs admitted to previously. As for the bottom line on funds collected, Congress was told that 6.8 million had been raised, not the nine million confirmed in the Memorial Fund's own audit reports. But perhaps the most misleading information in the report was this statement: "The Memorial Fund's expenses have been substantial, but they have fallen far below the cost-benefit standards set by the Better Business Bureau."

SHERWOOD: When was the last time you heard from the Vietnam Veterans Memorial Fund, up until this--most recently?

LIZ DOGHERTY, BETTER BUSINESS BUREAU: I believe the last time was in 1982 when they told us that they were not doing any more fund-raising. That was in August of '82.

SHERWOOD: And the fact that they were closing down?

DOGHERTY: Yes, that they were closing down, the memorial was complete, and they would no longer be operating.

SHERWOOD: Were you surprised to find out that the Memorial Fund was still in operation?

DOGHERTY: Yes, and we wrote to them for new information and obtained that, and this evaluation that we're talking about is based on that new information.

SHERWOOD: Does the Vietnam Veterans Memorial Fund meet minimum B.B.B. standards?

DOGHERTY: No, it doesn't. Specifically, they do not meet the standard that calls for a reasonable percentage of total income to be applied to the programs. They spent 48 percent of their total income on programs, and our guidelines call for at least 50 percent to be spent on programs.

SHERWOOD: One of the major reasons the Memorial Fund failed to pass muster at the Better Business Bureau is because of its enormous expenses. Since 1980, for example, the fund spent 2.1 million dollars, mostly all for direct mail fund-raising. Corporation records show, and Scruggs even admitted that 25 percent of all contributions resulted from fund-raising. If that's true and nine million dollars had been raised, simple math indicates the effort would have been a barely break-even situation. Scruggs, however, sees it differently.

SCRUGGS: Sure, direct mail costs a lot of money and we spent a lot of money raising funds through direct mail, but we had a job to do, and that job was to build the Vietnam Veterans Memorial. We built it, we raised sufficient funds to build it.

SHERWOOD: You just said to me that you spent 25 percent of your gross for mass-mailing. You spent it, and you gained--you expected, you know, you expected--you tell me 2.1 million dollars. Okay, if you're telling me you only made nine million dollars, you spent 25 percent easy. And you're telling me you only gained 25 percent of your gross, so it seems to me that what you did is, you paid somebody one dollar to raise one dollar for you. Now, you explain that one to me, because I haven't figured that one out yet.

SCRUGGS: The off-hand figure that I recall is it cost about sixty cents to raise a dollar through direct mail. It's not great, but it's pretty much in line with what any organization would--

SHERWOOD: No sir, it's not. It is not. Sixty cents on the dollar is not, by all the experts.

DOGHERTY: Our guidelines say that you should spend no more than thirty-five cents of each dollar you receive on fund-raising costs. In other words, your efforts to generate those funds should not exceed thirty-five percent of the funds you receive.

SHERWOOD: In your experience, what is the average, nationwide, of these legitimate groups that meet your standards?

DOGHERTY: The vast majority of organizations we report on do meet our standards.

SHERWOOD: They've come way in below, or just around the edge?

DOGHERTY: Most of them come way in below.

SHERWOOD: For instance, can you just throw out a figure?

DOGHERTY: This is purely off the top of my head: somewhere in the 20 percent to 30 percent range is where most of them fall, I would say.

SHERWOOD: How much money did you make from direct mail? You must have a breakdown there.

SCRUGGS: No, I don't. I can get the information for you and certainly will.

SHERWOOD: Among the fund's expenses were tens of thousands of dollars to pay for such things as a political lobbyist--\$5,000.00 in one case--for a few weeks' work.

SCRUGGS: Oh, I think he has to have meetings with people, I think he has to attend meetings, I think he has to give advice, and that's kind of what he did.

SHERWOOD: And an all expense-paid weekend at a Washington hotel for a group of non-veteran men and their wives. It was an educational seminar, Scruggs said.

SCRUGGS: We felt that it was a good seminar, we felt that it did what we wanted it to do. It just did not turn out to be the fund-raising opportunity that we hoped it would be.

SHERWOOD: And travel expenses for apparently whomever the corporation officers decided to fly into town.

SCRUGGS: We have flown people into Washington to attend press conferences.

SHERWOOD: Like who?

SCRUGGS: A singer from Nashville whose name was Jan Howard, and the father of a Vietnam casualty from San Francisco, a retired general named Mr. Hayes. We flew them in to take part in a press conference. Yes, if there was a specific reason that we needed someone here to help us get the job done, sure, we would bring them into town.

SHERWOOD: Another large expense: hundreds of thousands of dollars in contributions paid to unnamed consultants.

MILT COPULOUS, ARMY VIETNAM VETERAN: They then offered to hire me as a consultant and offered me a fairly high rate, fifty dollars an hour, which would be about \$400.00 a day or in excess of \$100,000.00 a year.

SHERWOOD: Wait a minute, now let me get this straight. This is--Mr. Wheeler offered you \$50.00 an hour, \$400.00 a day on an open-ended contract?

COPULOUS: Yes.

SHERWOOD: For what?

COPULOUS: To consult with--I never was--I didn't pursue it, so we never really got down to the details; it wasn't very clear. My impression was that, rightly or wrongly, as much as anything else, was that that was for my cooperation. They felt that I would be a point of contact with a number of organizations that were critics and that by having me on the panel, that would give them a voice.

SHERWOOD: In your opinion, they would be paying you \$400.00 a day for what, realistically?

COPULOUS: Realistically, to insure my cooperation is the only thing I could--

SHERWOOD: That and the cooperation of other people who may be critical?

COPULOUS: And who I might be in a position to influence.

SHERWOOD: What was the average fee paid to an individual consultant, per hour, per day?

SCRUGGS: The average fee? I'm not sure that was ever broken down into an average.

SHERWOOD: What's the most? You must have some idea. Twenty dollars an hour? Twenty-five dollars an hour? A hundred dollars a day? What?

SCRUGGS: I don't know, exactly. I just don't know.

SHERWOOD: Later on, Scruggs' response was different.

What's the maximum limit you think you would ever pay on consultant fees to someone for any aspect of this, that you have paid, or offered to pay?

SCRUGGS: Oh, I would say, just from my recollection, maybe \$500.00 a day.

SHERWOOD: Jim Webb is a highly decorated Marine veteran and author of the best-selling Vietnam War novel, Fields of Fire. Like Milt Copulous, he turned down their offers.

JIM WEBB, MARINE VIETNAM VETERAN: This isn't the kind of thing you do for money. I think that--I don't want to speak for everyone personally, you know; for me to do this in a way hopefully to honor the people who served, it would sort of soil my motivations if I were to take money to do it.

SHERWOOD: Again, the bottom line: less than a third of all the funds raised to build the Vietnam Veterans Memorial were actually spent on the memorial itself.

Scruggs has no second thoughts, or, apparently, regrets.

SCRUGGS: We have been involved in some very unusual situations that we had to deal with in order to get this project finished, in order to get the Vietnam Veterans Memorial built. We did it, we did it right, we're proud of it, we're proud of what we did for our country, we're proud of what we did for Vietnam veterans, and we think it's great.

(END OF FILM)

SHERWOOD: Now, we aren't the only ones who have questioned the way the memorial funds were handled. Others before us have asked many of the same questions, and asked to see the corporation's records. Tomorrow, we'll take a look at the people in charge of the memorial funds and how they answered those requests. I'm Carlton Sherwood for Eyewitness News.

RADIO-TV MONITORING SERVICE, INC.

3408 WISCONSIN AVENUE N.W. + WASHINGTON, D.C. 20016 + 244-1901

PROGRAM:

EYEWITNESS NEWS

DATE:

WED., NOV. 9, 1983

STATION OR NETWORK:

WDVM TELEVISION

TIME:

6:00 PM, EST

"VIETNAM MEMORIAL: A BROKEN PROMISE, PART III"

MAUREEN BUNYAN: Tonight on Eyewitness News, investigative reporter Carlton Sherwood continues his series on the financial practices of the men in charge of the Vietnam Veterans Memorial Fund. In part three of his series, Carlton looks at the organization's record when it comes to financial disclosures.

(FILM SHOWN)

CARLTON SHERWOOD: It may come as a shock to some that less than one third of the \$9 million raised to build the Vietnam veterans memorial was used for that purpose, but not these men--John Fales, a disabled Marine combat veteran; the other, one of the memorial's earliest and largest benefactors.

In 1981, Jan Scruggs, the president of the then newly created Vietnam Veterans Memorial Fund, called Texas computer magnate H. Ross Perot, looking for financial assistance. The same day, Perot issued a check for \$160,000. One year later, Scruggs and Perot talked again on the phone, and once more money was the subject.

When did you first get any indication that there might be something not quite right with the financial arrangements with the fund, and what did you do about it?

H. ROSS PEROT, ELEC. DATA SYSTEMS: Well, a number of veterans called me over the phone and alleged that the money was being misspent. I went to the Vietnam Veterans Memorial Fund, I went to Jan Scruggs privately and quietly and told him that I had received these calls.

I suggested to him that I hire a Big Eight accounting firm to do a detailed audit of VVMF's books, and that assuming that this audit came out that they had managed their affairs properly, then I would be their face to the world and assure anyone who was concerned that the money had been handled properly.

SHERWOOD: The Memorial Fund's response to both the re-

PEROT: VVMF was not willing to allow me to either look at the books personally or have an accounting firm do a detailed audit. I think this same arrogance that causes the fellows not to let anybody see their books caused them to build-- it's a non-profit corporation that is self-perpetuating where the Vietnam veteran has no voice, no vote in the selection of the directors, and these fellows, in effect, have locked themselves in.

(They) basically were recruited as a non-profit organization, raised millions of dollars, got everything locked inside the tent, and nobody can get in, nobody can replace the directors and nobody can look at the money, and on a tax exempt operation, that's pretty unique in my experience.

SHERWOOD: The Memorial Fund officers did more than just deny a large contributor access to their books. They retained one of the country's leading criminal law firms, headed by Edward Bennett Williams, to fend off all attempts to examine their records. Despite Perot's offer, the fund hired their own accountants, paid with donations, to perform internal audits. They also announced the appointment of a blue ribbon panel of businessmen to serve as an independent audit committee.

We called those listed on the committee. The few that did respond admitted the committee has never met, much less conducted firsthand inspections of the fund's books. Through a spokesman, Paul Thayer, now deputy secretary of defense, said he was under the impression that the audit panel had disbanded, and the Memorial Fund closed. He said he hadn't heard from the organization since last January.

Joseph Allbritton, president of Riggs Bank, also refused to discuss the memorial, even on the phone. Through a spokesman, however, Albritton informed us he resigned from the committee last June and no longer had any contact with the corporation.

PEROT: I've never been able to get over to these fellows that they are the custodians of other people's money, that they have a sacred trust, that every penny of this money must be spent carefully, must be accounted for, that you can't give your friends subcontracts, you can't give people consulting fees that don't do anything and so on and so forth--all these allegations that are being made.

JOHN FALES, MARINE VIETNAM VET.: The representatives from the Disabled American Veterans, they said, geez, we want to give them all the assistance we can monetarily, having our own individual fundraisers come and work very closely with them. The only thing that we asked for was to look at their books.

SHERWOOD: John Fales is a Marine combat veteran, who was blinded in 1967 while fighting in Vietnam.

zone. He's a member of the Disabled American Veterans, considered by many to be the most prestigious of all such national organizations, if only because its members, like Fales, are men who were wounded in combat. The DAV's credo is a simple one--if I cannot speak good of my comrade, I will not speak ill of him.

True to their motto, DAV officials declined on-camera interviews when asked to discuss their past dealings with the Memorial Fund. Privately, however, they confirmed that in 1981 they offered the Memorial Corporation a minimum \$1 million cash donation and unlimited professional assistance, but there was a catch.

Because of their own charter and strict rules of accountability, the DAV insisted upon frequent and independent examinations of the fund's records. That offer was rejected.

FALES: When they give us the information that we require by our charter, we'll be happy to help them in any way, the same way we have assisted all Vietnam veterans in all viable causes.

SHERWOOD: We had no better luck at persuading Memorial Fund officials to let us or an independent accountant, paid by Channel Nine, to look at their books.

Is there any reason why, you can see, or you can explain why your books should not be opened to the public? Indeed, you are a non-profit, charitable organization--there's is nothing confidential in there, I would assume, unless you think there is--why your books, why your receipts ought not to be a matter of public record?

JAN SCRUGGS, VIETNAM VET, MEMORIAL FUND: Well, we think they are a matter of public record, we think we've been audited extensively, we've had enough people look at the books to satisfy, I think, any reasonable person that our organization is clean.

SHERWOOD: That opinion isn't necessarily shared by others--veterans like Tom Carhart, a highly decorated, twice-wounded Army officer.

TOM CARHART, ARMY VIETNAM VET.: If they've done nothing wrong, why not show the books? I don't understand--they can get money from Mary Smith in Norman, Oklahoma, who's a widow with three hungry mouths, and she sends her ten bucks in, and if they're misusing it, that should be made known. I don't know what they're hiding, given the nature, as you said, of their organization. What's in the books? Show us the books, that's all we ask.

of dollars for the memorial during its early stages, but fast became disillusioned with how the corporation's officers treated him and others.

CARHART: I went into this with my mind and my heart open and fully committed to the concept, and I still am--to the concept. I feel, however, that the individuals have lied and dissembled and used us in a very dishonorable, insulting, dirty way. That's before anything about money.

If it comes out that they also misused money given by widows and orphans and people who were hard up, and they used it in ways other than they were legally allowed to use it, then I will feel that they have been slimy, treacherous, dishonorable, dirty people, and I won't rest until I see that things have been righted.

(END OF FILM)

SHERWOOD: Now, we want to clarify something in last night's report concerning the dollar amounts collected and spent by the Vietnam Memorial Fund. During our interview with Mr. Scruggs we asked how much the committee had raised. He said \$6,875 million net.

Later, Scruggs agreed that a total of over \$9 million had been collected. Then, we showed you a copy of the committee's report to Congress, noting that \$6,875 million figure as the amount collected, adding that the committee's own report said over \$9 million.

In fact, the amount the committee reported to Congress, and the amount listed in our own report were the same. The confusion resulted over the use of the word gross and net amounts in the different reports.

Likewise, the discrepancy between the committee's audited cost and the memorial itself and the report to Congress was a result of their own, including other costs and their report to Congress. Again, as we said last night, nowhere in the report to Congress do they mention construction, that is, the construction costs of the memorial itself.

Now, tomorrow we'll continue with part four of this special series, and this will deal with another area of the association and distribution of funds by the Vietnam Veterans Memorial Fund. I'm Carlton Sherwood for Eyewitness News.

BUNYAN: A criminal charge against investigative reporter Carlton Sherwood will be dropped tomorrow. The charge was initiated by the director of the Vietnam Veterans Memorial Fund, who said that Sherwood illegally recorded a conversation with

KENT JARRELL: Maureen, last Friday, Sherwood--with a wireless microphone in his tie--went to the home of John Wheeler, the Memorial Fund's director. Today, a source close to the fund said Wheeler still believes an illegal act occurred, but because the tape used by a WDVN crew was erased, prosecution now makes no sense.

WDVN says very little if any conversation was recorded. Sherwood says tonight he would have preferred an interview with Wheeler instead of having the charge dropped.

Montgomery County deputy state's attorney Lewis Lear confirmed tonight that Wheeler asked the charge be dropped and that it will be formally dropped tomorrow. Also today, the president of the Vietnam Veterans Memorial Fund said WDVN is continuing a smear campaign against him and the memorial.

(FILM SHOWN)

In an appearance before the American University Alumni Association today, Jan Scruggs said every cent the fund raised has been accounted for. He also criticized what he called the half truths and the biases in the WDVN series about the memorial, and Scruggs offered this defense for the allegations aired by WDVN.

SCRUGGS: Anyone can make judgements about how they would do, and play Monday morning quarterback, but our organization has essentially done the impossible by raising the money to build the Vietnam veterans memorial, especially since it was done by a bunch of amateurs, and we've been very, very careful in all the contracts.

JARRELL: On Capitol Hill, a Vietnam veteran who was a strong supporter of the memorial, said the Memorial Fund should completely open its books to the public.

REP. DUNCAN HUNTER, D-CA.: Because the public basically paid for this, and the money is a trust, in essence--they put their trust in the people operating the memorial--I think they have a right to see how their money was spent, and there shouldn't be a controversy around that issue.

(END OF FILM)

JARRELL: WDVN is now charging the Memorial Fund and its law firm, Williams & Connolly, with improper conduct and with attempting to intimidate reporter Sherwood. Williams & Connolly, in a written reply today, denied those charges and said its criticism of Sherwood was within First Amendment rights. Maureen?

BUNYAN: Thank you, Kent.

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WASHINGTON, D.C. 20016

244-1901

PROGRAM:

EYEWITNESS NEWS

DATE:

THURS., NOV. 10, 1983

STATION OR NETWORK:

WDVM TELEVISION

TIME:

6:00 PM, EST

INVESTIGATION INTO VIETNAM MEMORIAL FUND CONTINUES

MAUREEN BUNYAN: The Vietnam Veterans Memorial Fund announced today it is opening its financial records to an independent accounting firm to be hired by WDVM-TV. WDVM has been running a series this week which questions the fund-raising activities of the memorial. WDVM is accepting the memorial fund's offer. Kent Jarrell reports.

(FILM SHOWN)

KENT JARRELL: At a news conference, the president of the fund said audits by an outside firm had been conducted annually and by the Internal Revenue Service, and Jan Scruggs explained why the fund is now, for the first time, opening the books completely.

JAN SCRUGGS (PRES., MEMORIAL FUND): Our policy, like all nonprofit organizations, has been not to open our books to the general public, and this policy was never questioned until recently. Now access to the books has become an issue, and to eliminate any question as to what those books show, we have decided to open the memorial fund's books for review.

JARRELL: Also at the press conference, a statement supporting the fund released today by Sen. Mathias, Republican of Maryland, was read. The Mathias statement said, "One hundred members of the U.S. Senate supported the effort of the fund. Our confidence was strengthened by the prudent business methods employed by the fund."

A meeting is expected between WDVM and the memorial fund in the next few days to work out details of the audit. WDVM news director Dave Pierce said today he was delighted with the fund's offer to open its books, that it had been the station's intention all along to get answers to some questions. Pierce said WDVM will make a full disclosure of its findings. I'm Kent Jarrell, Eyewitness News.

(END FILM)

BUNYAN: Tonight on Eyewitness News, investigative reporter Carlton Sherwood continues his special report on the Vietnam Veterans Memorial Fund. In part four, Carlton examines how the nonprofit fund-raising group was created and some of the promises it made to others.

(FILM SHOWN)

CARLTON SHERWOOD: This is where it all began. The very concept of a national memorial to Vietnam veterans was born at the Peace and Brotherhood Chapel, located near New Mexico's mountainous northern border at Eagle Nest. Following the death of his son David, a Marine Corps officer killed in Vietnam, Dr. Victor Westphall built the little chapel brick by brick, with his own hands and money.

To his own surprise, the memorial drew widespread national attention during the 1970s, if only because it was the only such monument dedicated specifically to those who died in Vietnam. Each week thousands of visitors traveled to the remote ski resort town to visit the chapel, among them Jan Scruggs, the president and founder of the Vietnam Veterans Memorial Fund.

DR. VICTOR WESTPHALL (FOUNDER, MEMORIAL CHAPEL): He was definitely impressed, because that's the purpose of his call, to tell me that this had made a big impression on him, and he wanted to incorporate the idea here with ideas he had back for the memorial in Washington and, at the same time, very definitely expressed the idea of helping the memorial here. Matter of fact, the figure \$100,000 was mentioned early on, right from the beginning, and it has also been in various other things like Stars and Stripes since that time.

SHERWOOD: Was \$100,000 an arbitrary figure? Was it something he threw out, or was it something that you suggested would be needed to maintain --

WESTPHALL: No, by all means, there was no suggestion on my part of any subscription to an amount at all. This was an amount that he threw out as a minimum amount that he hoped to help with the memorial here. That was his idea, pure and simple. I had nothing to do with that concept at all.

SHERWOOD: Scruggs was so impressed with the chapel that when he launched his own plans to build a national memorial in Washington, he promised the first funds raised would go to help support Dr. Westphall's monument.

WESTPHALL: I've learned over the years that about 95 percent of such offers are meaningless. But the five percent that come along are very valuable indeed, and of course I hoped that this was one of the five percent. And I expected, really,

that it would be, because he seemed to be completely and utterly sincere. And being a Vietnam veteran himself made it doubly impressive.

SHERWOOD: There was every reason to believe the memorial fund would come through. In congressional resolutions and even the fund's incorporation papers, the promises of support were clear. Specific amounts were mentioned in Scruggs' own writing, and if that weren't enough, the Vietnam Veterans Memorial Fund's application to the Internal Revenue Service for tax exemption made the offer official: 50 percent of all initial contributions up to \$100,000 would go to Westphall and the chapel. That was in 1979.

Have you ever heard of Victor Westphall?

JAN SCRUGGS (VIETNAM VETERANS MEMORIAL FUND): Sure.

SHERWOOD: What do you think of him?

SCRUGGS: I met him one time; I think he's a fine fellow. He built a memorial in New Mexico to his son which has now been taken over by the Disabled American Veterans. Yes.

SHERWOOD: You think he's an honorable guy, he's a truthful guy?

SCRUGGS: I really don't know him well enough to pass those kind of judgments on him.

SHERWOOD: Do you have any reason to believe his -- you know, to doubt his veracity?

SCRUGGS: Not really.

SHERWOOD: Well, he has reason to doubt your veracity.

SCRUGGS: Fine.

SHERWOOD: He says that you duped him. He says you offered him at first unspecified financial support for his chapel, which he built, and then he said later on you came up with a figure and you even failed to make good on that. What do you say to that?

SCRUGGS: I would say certainly --

SHERWOOD: To one and two -- you got one, you offered him unspecified financial support, and then you came up with a figure, a \$100,000 figure, and then you failed to make good on that.

SCRUGGS: That's correct. I would say indeed that not only -- sure, in our early fund-raising literature we were very interested in helping the Vietnam veterans chapel in New Mexico; we made it very clear. We also, I believe, testified to that effect for some commission, and we are not in any way saying that we will not give him some money. What we are saying to Mr. Westphall is that, sure, you want a contribution for the Vietnam veterans chapel, wait until we get the Vietnam Veterans Memorial built.

SHERWOOD: Since 1979 you haven't heard or received anything from them, in that period of time?

WESTPHALL: No, nothing.

SCRUGGS: We've had a very unfortunate relationship with him.

SHERWOOD: Unfortunate how? Has he been a problem for you, or what?

SCRUGGS: Oh, sure. He had various publications of his chapel newsletter that attacked us frequently. During 1979 there were -- or 1980, he made certain problems for us with regard to our legislative effort, and it's just one of those things.

SHERWOOD: Could the memorial fund have kept its promises? The corporation's financial reports leave little doubt. Months after the memorial had been paid for and dedicated, the audits show, the memorial fund had more than two million dollars in cash reserves, surplus funds which, according to the corporation's Internal Revenue Service application, should have gone to other nonprofit, charitable veterans' groups with similar programs or objectives -- organizations like this veterans' group in South Boston, who had built their own memorial to the local men killed in Vietnam.

TOM LYONS (MARINE VIETNAM VETERAN): I wrote down to the memorial fund, explained to them what we were trying to do, hoping that we could get some kind of financial help from them -- but also, I think, which was probably most important would be the credibility from a much larger group of their size and their stature to kind of help us out, you know, get the ball rolling.

SHERWOOD: The memorial fund offered to supply the Boston veterans with professional and financial assistance, but again, those promises were broken.

Did they ever help out financially?

LYONS: I never heard --

SHERWOOD: Let me ask you this. Did you expect them to help you with those two or three things? Did you expect them to help you organize and did you expect them to at least help subsidize the --

LYONS: Oh, I thought it was only right they help us. There was no doubt in my mind that they were going to come to our aid like the cavalry. But they have left us high and dry like Custer. We were left just to flounder around unless we got together as a group. And we did, thank God.

SHERWOOD: But the way Lyons sees it now, it's just as well the memorial fund didn't come through.

LYONS: I just wish that I had the hindsight to see that they weren't in it for the same reason I was, which was strictly for our Vietnam veterans themselves as a whole.

(END FILM)

SHERWOOD: We originally planned to air part five of our series tomorrow, but because of today's new developments, Channel 9 will hold all further reports until we've had time to examine the fund's financial records. After that, we'll have follow-up reports on what we've found. Maureen?

BUNYAN: Carlton, this has obviously been a very sensitive issue, and some people have expressed concern that your reports may have cast a shadow on the memorial and the Vietnam veterans themselves. Do you have any comments about that?

SHERWOOD: Well, first I'd like to assure our viewers that it was never our intention to criticize either the memorial or the veterans. In fact, if they've followed this series, they know that the entire -- all of our reports were based on finances; in fact, the finances we're talking about are largely the contributions and donations of other Vietnam veterans and families of Vietnam veterans. So it's -- I think, anyway, and not just what I think, but what we've been doing here is trying to get an accounting for them. And certainly they do deserve that accounting.

BUNYAN: All right. And we will keep in touch.

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 5/7/84

On April 25, 1984, [] and []
[], GOVERNMENT ACCOUNTING OFFICE (GAO), were contacted
by SPECIAL AGENT (SA) []. At the outset of the
interview they were advised of the interviewing SAs identity
and purpose. The following information was provided.

GAO has just completed an extensive audit of the
activities and finances of the VIETNAM VETERAN MEMORIAL
FUNDS (VVMF). The audit took place over a period of
approximately four months and was undertaken at the request
of several U.S. Senators and Congressmen. The audit
included reviews of all disbursements over \$500 as well
as many smaller items, all payments to employees and officers,
the manner in which bids were awarded and the manner in which
business was conducted in general. The audit also looked
into 30 to 50 other allegations all of which seem to be
unfounded. The results of the GAO audit are expected to
be released in late May of 1984 and contain no negative
findings. In conclusion it was generally the feeling
of the GAO auditors that those making allegations against
the VVMF were people who were dissatisfied with the design
of the memorial.

Investigation on 4/25/84 at Washington, D.C. File # 196C-1449 - 8
by SA [] ^{KGH} KGH:ldf Date dictated 4/25/84

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b7C

Memorandum



To : SAC, WFO (196C-1449)

Date

5/14/84

From : SA [redacted] (C-5)

Subject : JOHN P. WHEELER, III
ET AL

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ReWFOtel to FBIHQ, dated 3/29/84.

On 3/30/84, FBIHQ Special Agent Supervisor [redacted] gave Bureau approval to the Washington Field Office interview of a "Washington Times" Reporter.

KGH:vm
(1)

[Handwritten signature]



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196-1449-9

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| Serialized | <i>[initials]</i> |
| Filed | <i>[initials]</i> |
| Index | <i>[initials]</i> |

WFO 196C-1449

Washington Field Office
Washington, D.C. 20535
July 26, 1984

United States Attorney's Office
3rd and Constitution Avenue, N.W.
Washington, D.C. 20001

Attn: Assistant United States Attorney
Charles Roistacher

Re: John P. Wheeler III
Vietnam Veterans Memorial
1100 Vermont Avenue, N.W.
Washington, D.C.

Dear Sir:

In a conversation between yourself and Special Agent [redacted] on July 24, 1984, you advised that based upon your review of the Government Accounting Office Report detailing the results of their audit of the Fund as well as FD-302's detailing the FBI's investigation of this matter, it was your opinion that no further investigation was merited.

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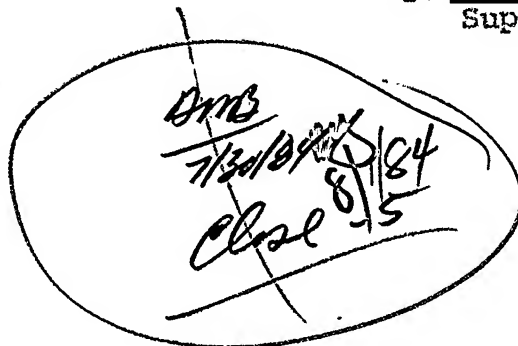
Very truly yours,

Norman A. Zigrossi
Special Agent in Charge

By: [redacted]
Supervisory Special Agent

2-Addressee
①-WFO

KH:ld ed
(3)



196-1449-10